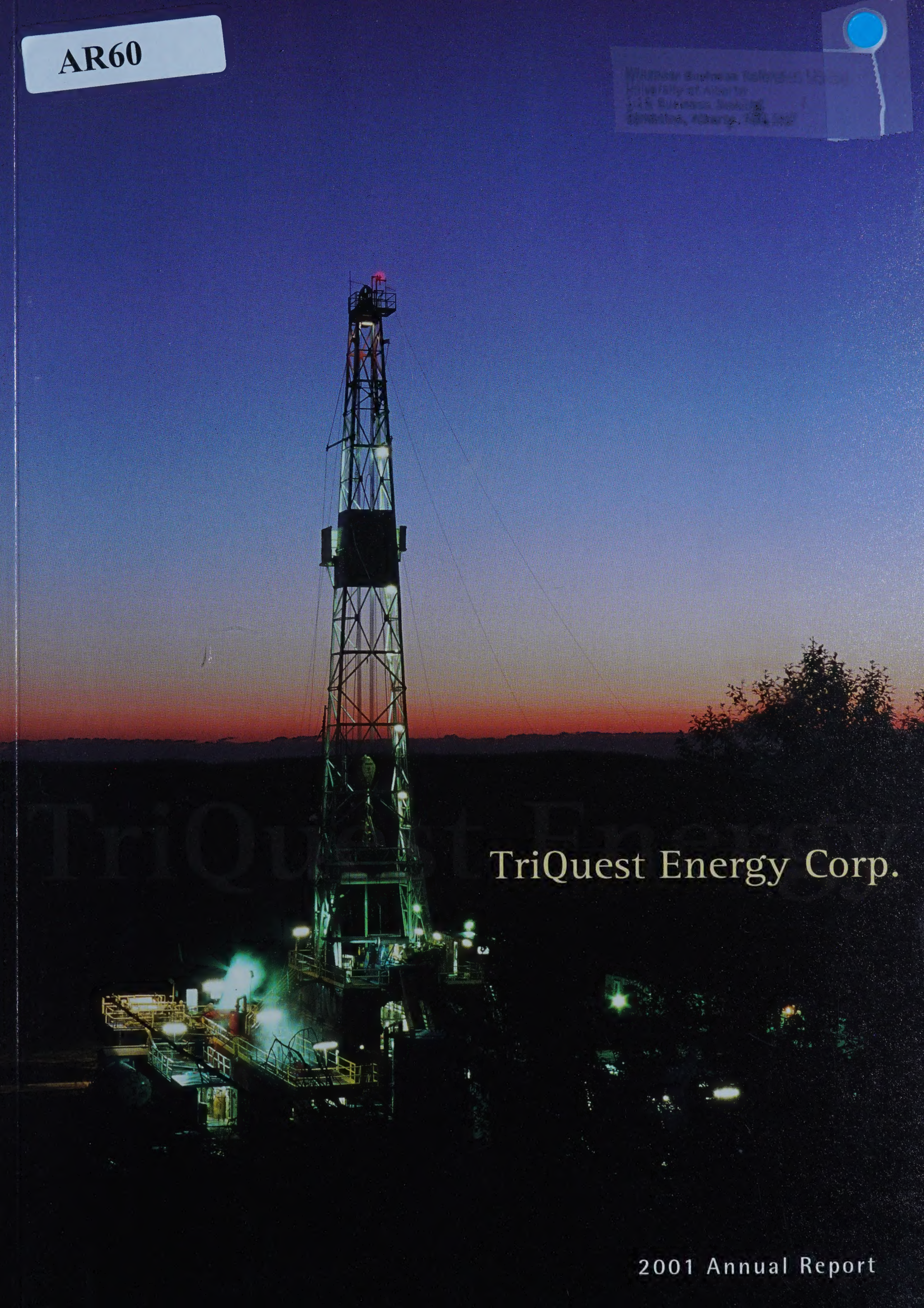

TriQuest Energy Corp.

2001 Annual Report

Corporate Profile

TriQuest Energy Corp. is a Calgary-based, junior resource company engaged in the exploration, development and production of natural gas and oil. Incorporated in 1996 as Corker Resources Inc., a new management team was put in place in May of 1999, the name was changed in July of 1999 to TriQuest Energy Corp., and the Company began to focus on generating drilling prospects and building a land base in west-central Alberta. In January of 2002, TriQuest acquired Sommer Energy Ltd., adding northeast Alberta as a core area, and adding two more skilled professionals to the management team.

The common shares of TriQuest trade on the Canadian Venture Exchange, under the symbol "TRI". As at April 26, 2002 the Company had 67,923,889 shares issued and outstanding, and had granted 5,704,444 options to its key employees and consultants, and to its directors.

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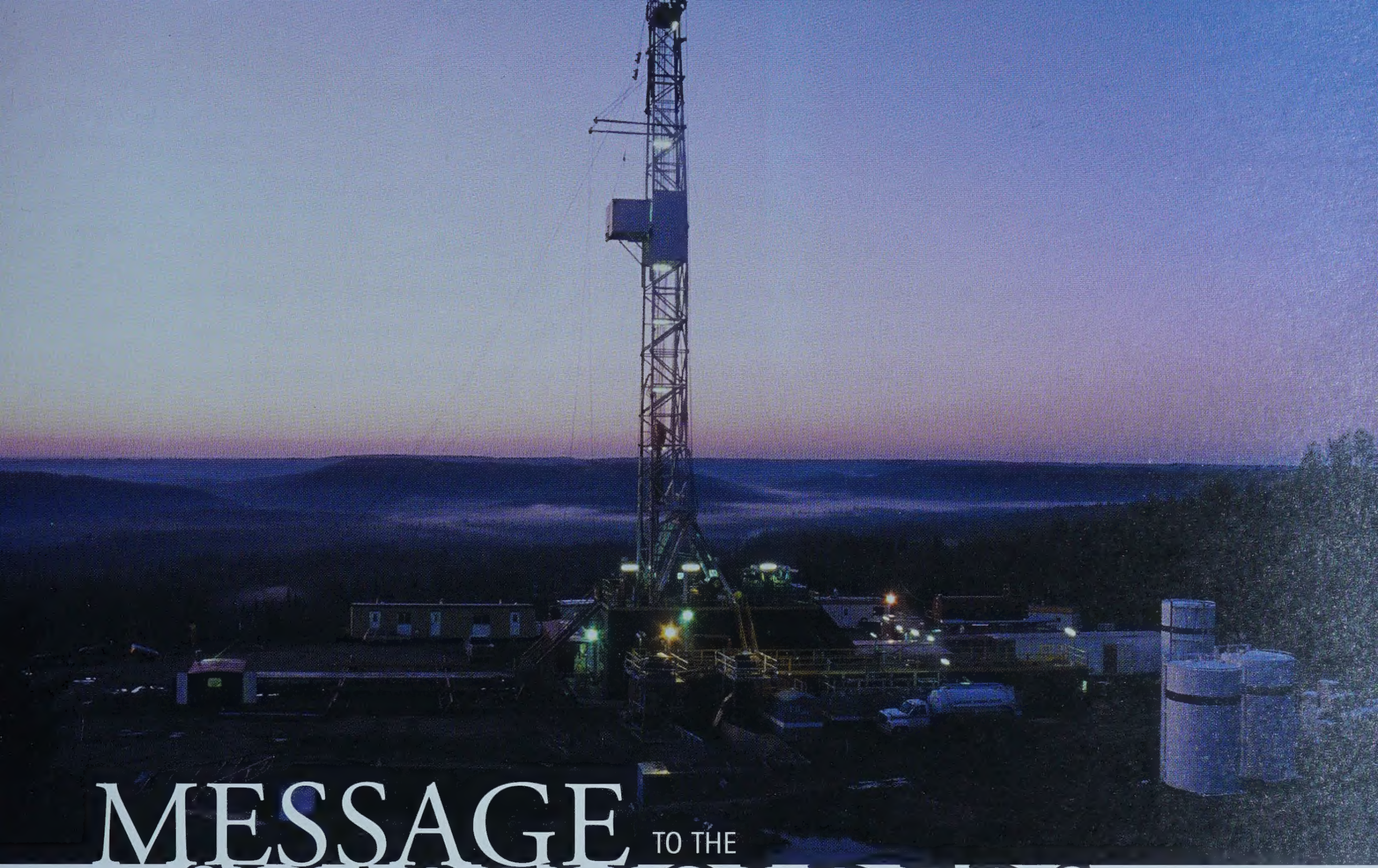
Annual Meeting

The Annual General Meeting of Shareholders will be held on Tuesday, June 11, 2002 at 10:00 A.M. in the Cardium Room of the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta. All Shareholders are encouraged to attend.



MESSAGE TO THE SHAREHOLDERS

Momentum continues to build at TriQuest. As a result of the work that was done in the past two years, I am pleased to report that 2001 has been the most active year in the history of the Company. Activity during the 1st quarter of 2002 has already exceeded 2001 levels, and we expect 2002 capital expenditures to double those of 2001.

2001 Operational and Financial Highlights

- TriQuest participated in the drilling or re-entry of 65 (19.7 net) wells during 2001, targeting natural gas reserves. Fifty-six of these, or 86% were successful, and TriQuest operated 30 of these activities.

- Capital expenditures tripled in 2001 to $11.1 million. Of this total, 68% was expended on drilling and completion operations, 18% was directed towards the equipping and tie-in of the successful wells, and 13% was invested to purchase petroleum and natural gas rights.

- The Company's average production rate in 2001 increased 37% to 3.09 mmcfe/d (467 boe/d), with a production mix of 77% natural gas, 20% oil and 3% natural gas liquids. Average yearly production per share increased by 33% to 0.032 mcfe (0.0048 boe). [Throughout the Annual Report, production and reserves figures are reported on a gas equivalency basis @ 10:1, followed in brackets by the corresponding oil equivalency figures @ 6:1.]

- Production capability at year-end 2001 more than doubled to 6 mmcfe/d (950 boe/d) compared to year-end 2000.

- The Company's undeveloped land position at year-end 2001 increased 21% to 62,100 net acres, with all of the incremental acreage added to our growing west-central Alberta core area. TriQuest maintains its ability to earn interests in an additional 50 gross sections of rolling option acreage. During 2001, TriQuest participated in a number of Crown land sales, purchasing acreage at an average cost of $70/acre, compared to the industry average Alberta price of $109/acre.
- TriQuest's established reserves base at year-end 2001 increased 55% to 15.58 bcfe (2,431 mboe). On a per share basis, reserves at year-end 2001 increased by 39% to 0.39 mcfe (0.069 boe). The reserve replacement ratio for 2001 was 5.9 times 2001 production.
- Finding and development costs for 2001 were $1.67/mcfe ($10.19/boe) on an established basis. The corresponding two-year rolling average figures were $1.47/mcfe and $9.05/boe respectively.
- Cash flow from operations for 2001 increased 29% to $2.5 million ($0.07/basic or diluted share).
- Earnings for 2001 increased 24% to $0.9 million ($0.03/basic or diluted share).
- TriQuest completed a 5 million "flow-through" share private placement to Paramount Resources Ltd. at a price of $0.60/share for proceeds of $3.0 million. At year-end, Paramount held 12.5% of the Company's shares and was our third largest shareholder.
- In order to fund our aggressive 2002 capital program, we arranged for a $3.5 million credit facility with a Canadian chartered bank.
- Share trading volumes on the Canadian Venture Exchange averaged 306,000 per month during 2001.

Recent Events

The Company acquired Sommer Energy Ltd. in January of 2002 by issuing its shareholders 27,588,889 TriQuest common shares. Sommer's prime assets were interests in 17 gas wells and a 300-section farmin agreement in the Tweedie area of northeastern Alberta. The rationale for the acquisition was based on Sommer's many strong attributes, including: (i) $6.4 million in working capital; (ii) its 75% interest in the 17 Tweedie wells; (iii) the Tweedie farmin; (iv) an exceptional management team; and (v) an excellent shareholder base.

During the 1st quarter of 2002, TriQuest drilled 53 (46.3 net) wells in the Tweedie area, resulting in 38 gas wells. We expect to tie-in 33 of these wells during 2002, and to have 7.5 mmcf/d (1,250 boe/d) of production from this area once the wells are brought on stream by July of 2002. Through these activities, TriQuest has earned interests in 125 sections of land, and retains the option to earn an additional 175 sections of acreage.

During the 1st quarter of 2002, the Company participated in four (1.2 net) wells in west-central Alberta, three of which were successful and will be completed when spring road bans are lifted. A fifth well is currently drilling. TriQuest also tied-in 15 wells which were drilled late in 2001.

At March 31, 2002, the Company's undeveloped land base had increased 50% from year-end 2001, to 91,200 net acres. More significantly, TriQuest has the right to earn interests in a further 225 sections of option land.

At the time of this report, the Company's production rate is 8.5 mmcfe/d (1,370 boe/d), which we anticipate to increase to 13.6 mmcfe/d (2,220 boe/d) by the end of the 2nd quarter of 2002.

At the time of this report, our share price has moved up considerably from the closing price at year-end 2001, is hovering around the 2001 high of $0.85. Trading volumes have increased substantially, and for the first four months of 2002, have averaged almost one million shares/month, or triple the 2001 average. With our increased liquidity, and a current market capitalization in the range of $60 million, the Company is pursuing a listing on the Toronto Stock Exchange.

The Business Environment

The very strong commodity prices of 2000 gave way to weaker prices as the pricing cycle went through its inevitable reversal of direction. Although pricing cycles have always been a part of the oil and gas industry, the volatility and short duration of this past cycle were surprising. The unprecedented natural gas prices experienced during late 2000 and early 2001 demonstrate the need for companies such as TriQuest to be able to add value at all stages of the cycle, and to recognize that low price environments represent an opportunity to capture geological prospects and a land inventory.

After posting a record high monthly spot price at the AECO inventory transfer point of $12.58/mmbtu in December of 2000, natural gas prices slid 80% to a low of $2.53/mmbtu in September of 2001 before recovering modestly by year-end. Perhaps what was lost in the despair of the pricing descent, was the fact that the average 2001 price of $5.15/mmbtu was only marginally lower than the 2000 average of $5.26/mmbtu, and that the 2001 prices were still extremely attractive within the context of historical prices. At the time of this writing, the AECO spot price has improved to approximately $4.75/mmbtu, and a one-year (November 2002 - October 2003) contract futures strip for natural gas is in the vicinity of $5.25/mmbtu. Over the longer term, the consensus among energy price forecasters appears to be that falling supply, combined with the increasing demand associated with the economic recovery, will result in natural gas prices which are at least as high as current prices.

Crude oil prices, as represented by WTI pricing, dropped continually through 2001, ending the year at $US19.40/bbl, or 32% lower than the year-end 2000 price. Spot prices have recovered by more than 25% from the year-end lows, partially as a result of political tensions in the Middle East, and are in the neighbourhood of $US26.50/bbl. A one-year (May 2002 - April 2003) contract strip price is trading near $US25.25/bbl. The consensus among energy price forecasters appears to show "sustainable" prices for WTI crude oil in the US$20-25/bbl range.

After rising 46% during 2000, gains on the TSE Oil and Gas Producers Index were modest during 2001 at 4%, even as commodity prices moved in the opposite direction. Since year-end, the index has climbed to record levels. Notwithstanding the record high index values, literature is starting to suggest that current market valuations are fairly priced based on historical relationships. The indifferent investor interest shown towards junior oil and gas producers during 2001 appears to be giving way to a more positive environment, and financings are becoming more frequent and better priced.

We continue to see consolidation in the industry, with the intermediate tier virtually disappearing. One result of the consolidation trend is a re-cycling of the management teams of the acquired companies. Rather than stepping into public companies, there has been a move for these teams to start up as well-funded private companies. We anticipate having to compete with these private company start-ups for land and drilling prospects.

2002 Outlook

TriQuest's technical team will continue to concentrate its resources on natural gas exploration, development and production in our three core project areas in Alberta. During 2002, our shareholders should expect to see significant growth in prospect generation, drilling activity, production volumes and reserves base.

Over the last two years, TriQuest has laid the foundation for meaningful value generation. We have focused our efforts on developing the Company's inventory of natural gas drilling prospects and accumulating a land base in west-central Alberta. We began our drilling activity in earnest in 2001 and plan to continue through 2002. We are still building momentum in TriQuest's west-central Alberta shallow gas core project area and our medium-depth, liquids-rich gas core project area.

With the acquisition of Sommer Energy, the Company has the opportunity to complement this focus in the third core project area of northeast Alberta, where we will be developing multi-horizon, shallow gas prospects.

The Sommer acquisition, coupled with TriQuest's expanding presence in west-central Alberta, provides us with an enviable inventory of low-to-medium risk natural gas exploration and development capital projects, and we anticipate drilling over 100 wells during the year. TriQuest's capital program is estimated to be $22.6 million for 2002, to be funded by cash flow,

working capital, and draws against our credit facility. If conditions permit, an equity financing may be considered.

Our challenge for the upcoming year continues to be dealing with the competitiveness of a cash-rich industry. We remain confident that the disciplined implementation of our business plan by our experienced technical team will allow the Company to continue to grow its production and reserves base, and most importantly, shareholder value.

On behalf of our shareholders, I would like to express my sincere appreciation to the departing members of the Board for their contributions to the Company. Messrs. Gordon Phillips and Jim Richardson were instrumental in founding TriQuest in 1996 and in establishing a solid base from which the current management team expects to build the Company in the future. They will be replaced by some equally exceptional gentlemen, and I'd like to welcome Messrs. Lauchlan Currie, Jim Pasieka and Wieland Wettstein to the Board.

I would like to express my gratitude to the Board for their counsel, continued confidence in, and support of, the management team.

The successes of the past are due to the expertise and dedication of our technical team and staff. As a result of the Sommer acquisition, we welcome Bruce McIntyre (Vice-President) and David Savage (Vice-President, Business Development) to the Company, and look forward to utilizing their skills and experience. The Company's future lies in the hands of this expanded technical team. Our ability to generate, capture and prove opportunities is our strategic advantage.

On behalf of the Board

Gordon J. Hoy

Gordon J. Hoy
President, C.E.O. & C.F.O.
April 26, 2002

REVIEW OF OPERATIONS

Corporate Objectives

Management's mandate is to implement a strategic business plan to build shareholder value through the efficient discovery, development and acquisition of natural gas reserves.

Internal prospect generation remains a fundamental platform for achieving the Company's long-term profitability and represents the greatest potential for low-cost reserve additions. TriQuest has developed stringent criteria that are used in the selection of exploration, development and acquisition prospects, and an integrated team approach is used to assess these opportunities.

We intend to concentrate our efforts on low-to-medium risk prospects. However, we have developed several high impact drilling opportunities that will expose our shareholders to accelerated value growth.

Key to TriQuest's success in accelerating the Company's growth is management's extensive experience and disciplined operational focus in its three core project areas:

- Multi-zone, medium depth, liquids-rich natural gas plays in west-central Alberta (including Crossfield and Wilson Creek);
- Multi-zone, shallow, sweet natural gas plays contained within the Edmonton Group formations in west-central Alberta (including Crossfield, Cygnet, Sylvan Lake and Pembina); and
- Multi-zone, shallow, sweet natural gas plays contained within the Grosmont, Wabiskaw and McMurray Formations in northeastern Alberta (including Tweedie/Wappau and Liege/MacKay).

West-Central Alberta Operations

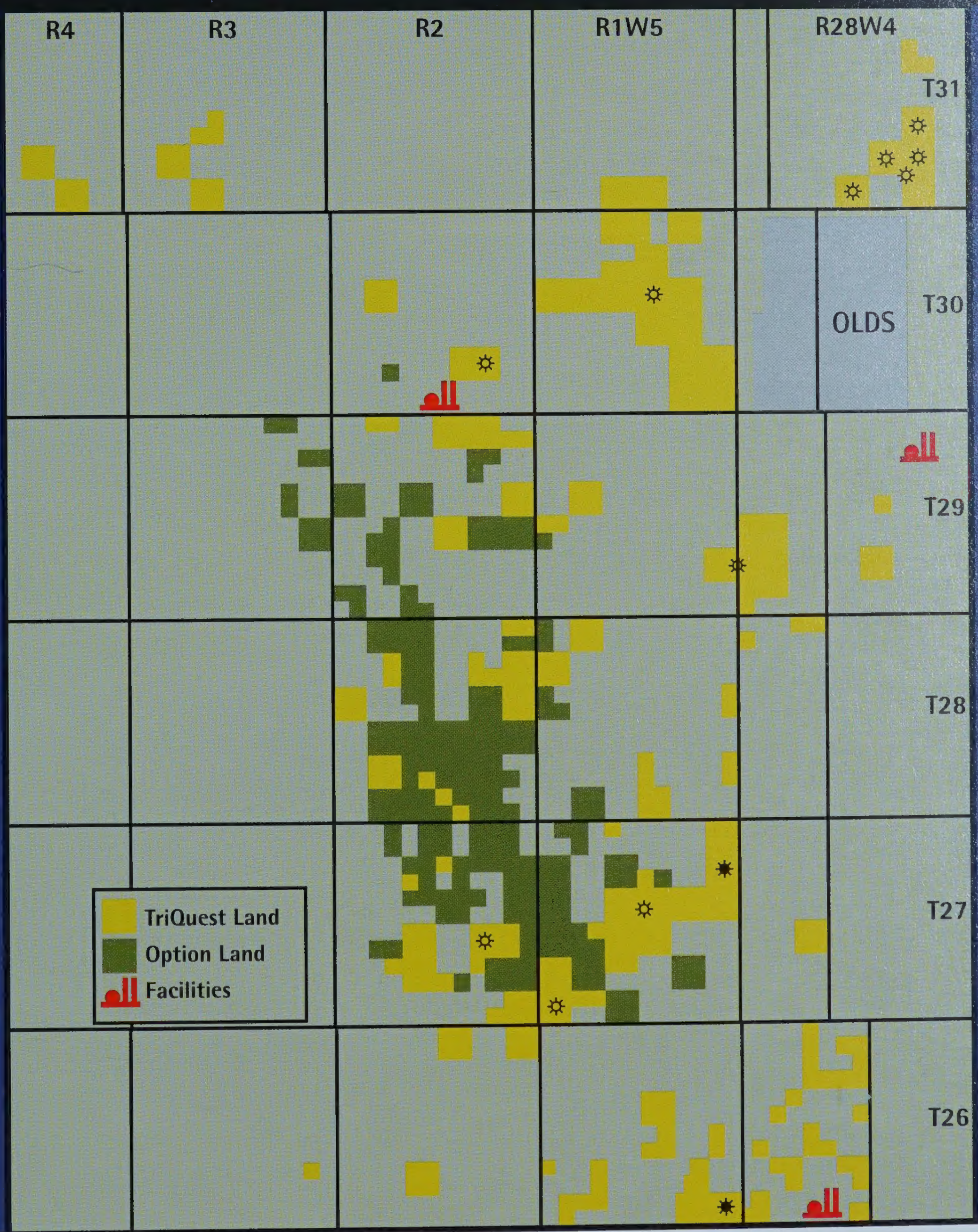
- Petroleum and liquids-rich natural gas production
- Multiple targets to 2,600m (8500')
- Drilled or re-completed 36 (15.7 net) wells in 2001 and Q1 2002
- 51% average interest in 129 sections of undeveloped land
- 50 sections under option

Crossfield

Crossfield is located immediately north of Calgary. During 2001, TriQuest drilled or re-completed 17 (5.9 net) wells to evaluate the Edmonton Group, Belly River, Basal Quartz, Ostracod and Elkton Formations. Nine of these wells are currently on production. TriQuest has a joint venture agreement in the area that also allows the company to propose and drill new wells with a working interest between 50 and 100%.

During 2002, TriQuest expects to participate in the drilling or re-completion of up to 14 wells.

1 Rate:	0.26 mmcfe/d (43 boe/d)
2002 Exit Rate:	1.23 mmcfe/d (202 boe/d)
2 Capital:	$4.5 million

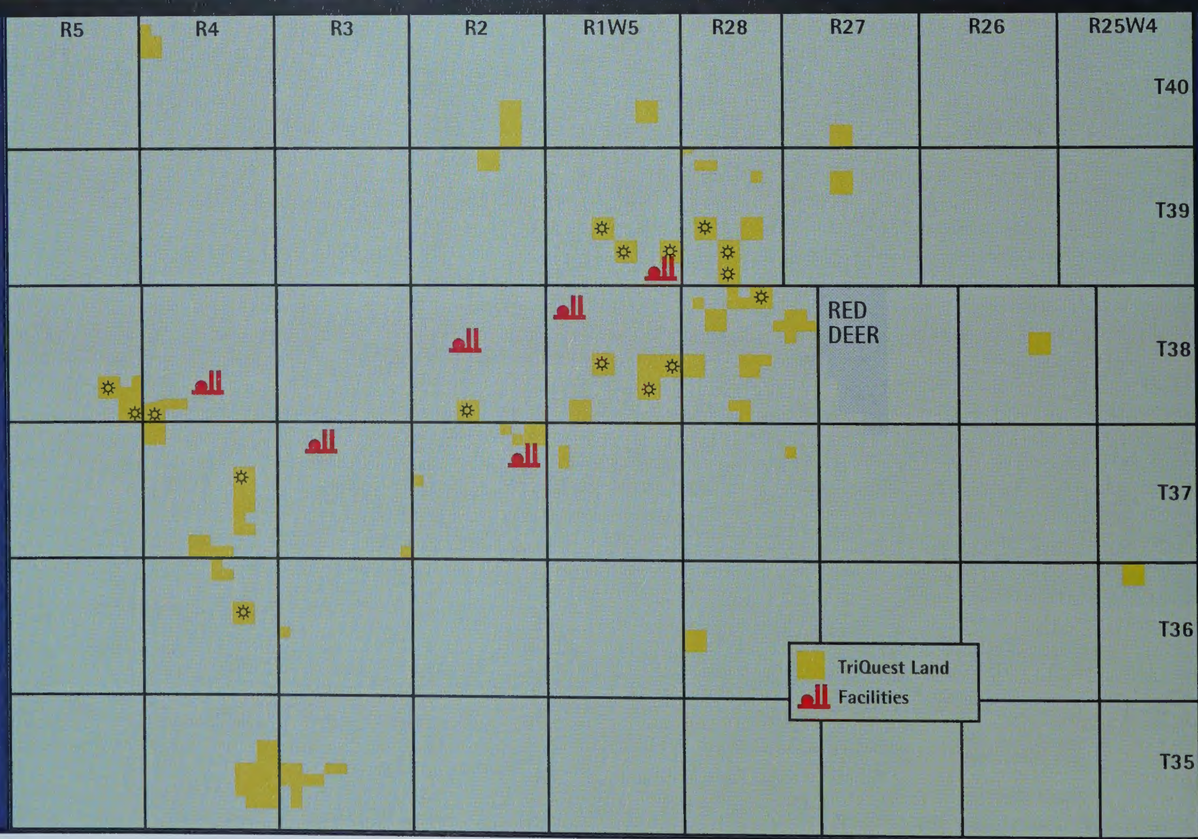


Cygnet/Sylvan Lake

TriQuest operates most of the production in the Cygnet/Sylvan Lake area, located 70 miles north of Calgary. Historically, the Edmonton Group formations have been drilled through without evaluation. Stronger natural gas pricing, improved technology and under-utilized production infrastructure in the area have allowed this shallow play to emerge. Having dedicated two years to analyze information from thousands of existing wells in west-central Alberta, we believe that we are a leader in the identification and evaluation of sweet natural gas reserves within the Edmonton Group and Belly River sands, which are found at depths less than 500 metres. The opportunity in this key project is to assemble a land base and capture reserves through shallow drilling.

During 2001, we drilled and completed 15 (8.0 net) wells. Twelve of these wells are now on production while the remaining three are currently being tied-in. All of TriQuest's production from this area is sold on the spot market. TriQuest has identified ten locations on our current lands and is pursuing many more through farmin and acquisition. With our focus on this shallow natural gas exploitation opportunity, and the analysis of drilling and production results to date, TriQuest can now more effectively identify and pursue the higher impact opportunities.

2001 Rate:	0.35 mmcfe/d (55 boe/d)
Q1-2002 Exit Rate:	0.95 mmcfe/d (158 boe/d)
2002 Capital:	$1.3 million



Wilson Creek/Pembina

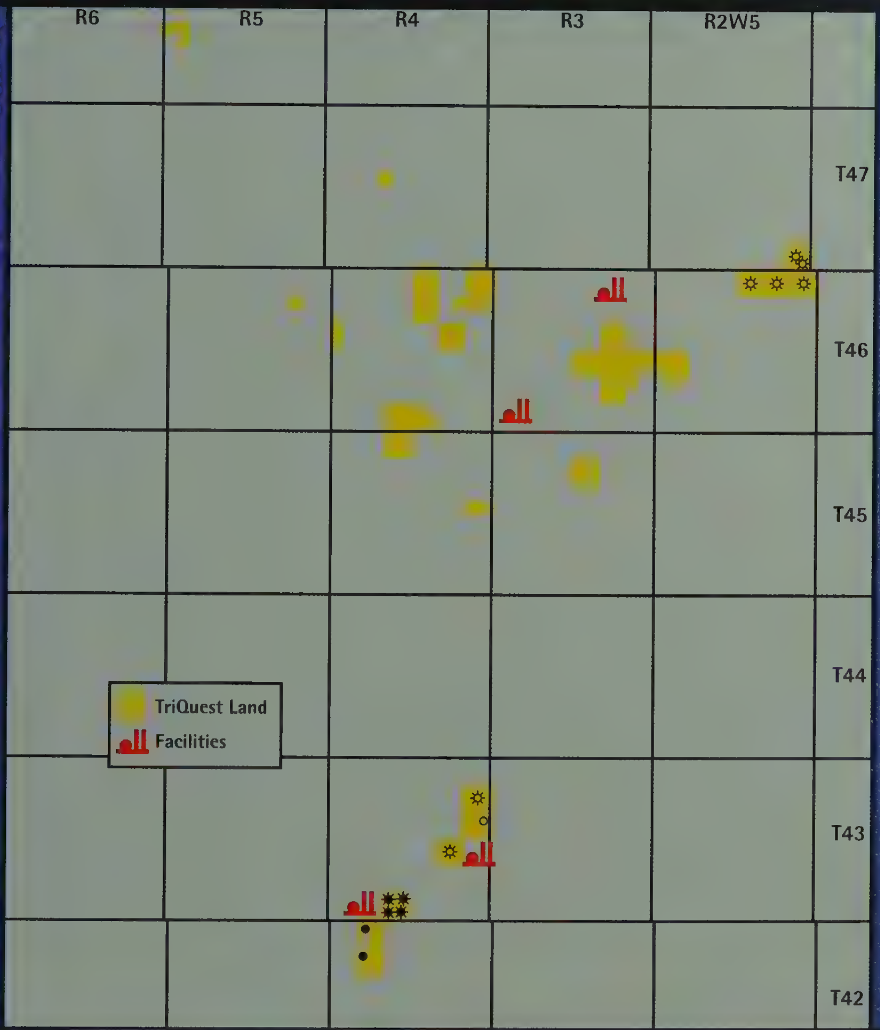
The Wilson Creek/Pembina area is located 90 miles northwest of Calgary. This multi-targeted area is prospective for oil and liquids-rich natural gas in the Edmonton Group, Belly River, Cardium, Viking, Glauconitic, Nordegg, Pekisko and Banff Formations.

During 2001, TriQuest successfully drilled or re-entered four (1.3 net) wells as part of the Edmonton Group shallow gas project. All four wells went on stream in January of 2002. TriQuest's production from this area is sold on the spot market.

During the 1st quarter of 2002, TriQuest participated in two (0.5 net) wells to evaluate prospective horizons down to the Banff Formation. Both wells were successful and will be completed in the 2nd quarter of 2002. A third well is currently drilling.

TriQuest plans to drill up to 15 wells during 2002 in the Wilson Creek/Pembina area to evaluate the shallow and deeper gas targets.

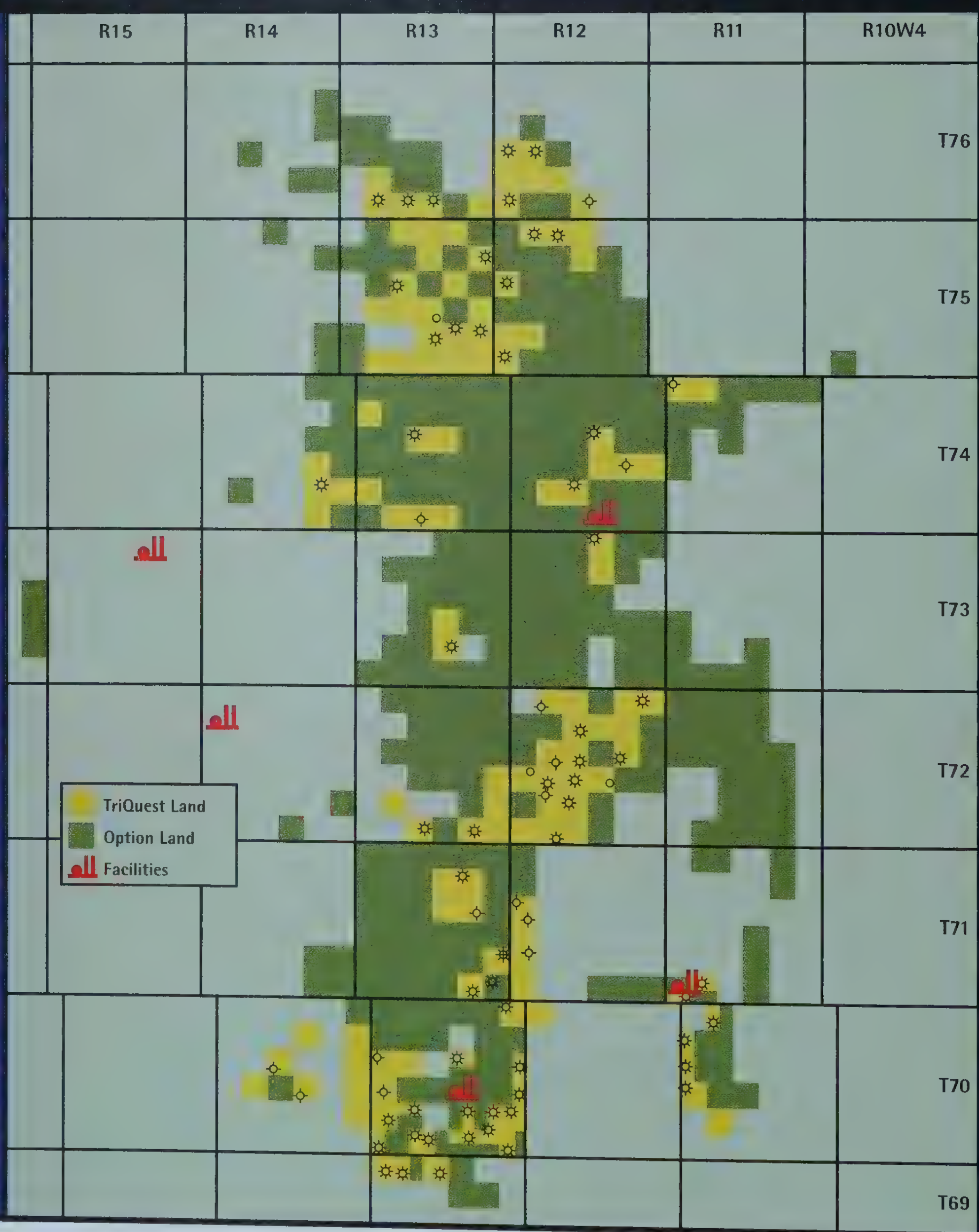
2001 Rate:	0.37 mmcfe/d (39 boe/d)
Q1-2002 Exit Rate:	1.29 mmcfe/d (192 boe/d)
2002 Capital:	$2.4 million



Eastern Alberta Operations

- Sweet natural gas
- Multiple targets to 500m (1500')
- Drilled 82 (50.8 net) wells in 2001 and Q1 2002
- 42% average interest in 120 sections of undeveloped land
- 175 sections under option

2001 Rate:	0
Q1-2002 Exit Rate:	3.13 mmcfe/d (522 boe/d)
2002 Capital:	$11.4 million



Tweedie/Wappau

With the acquisition of Sommer Energy, TriQuest now has a significant presence in this natural gas prone area, located approximately 100 miles northeast of Edmonton. Geological targets for this area include the Grand Rapids, Wabiskaw and McMurray Formations, at depths between 200 and 500 metres. The Grand Rapids and McMuray Formations are structurally controlled and can be targeted using 2-D seismic. The Company has access to 400 miles of seismic data to identify these targets. Average initial rates per well vary between 100 and 300 mcf/d (17 and 50 boe/d); however, a number of wells in the area have produced at rates exceeding 1.0 mmcf/d (167 boed). The shallow, sweet natural gas found in this area requires only dehydration and compression before being delivered to sales pipelines.

TriQuest's objective for this area is to create value by capturing significant drilling and production opportunities through major multi-year joint ventures with area land and facilities owners. Prior to being purchased by TriQuest, Sommer Energy negotiated the right to drill to earn interests in approximately 300 sections (192,000 gross acres) in the Tweedie/Wappau area. During September of 2001, Sommer drilled 18 (net 11.7) wells, of which 17 were completed and equipped. Production commenced from the first ten wells during November of 2001 at rates exceeding 1 mmcf/d (167 boe/d). The remaining seven wells were placed on production in March of 2002.

During the 1st quarter of 2002, TriQuest drilled 53 (46.3 net) wells, resulting in 38 gas wells, for a 72% success rate. Production from the winter program wells commenced at the beginning of the 2nd quarter of 2002. TriQuest plans to have 33 of these wells on production by July of 2002. At that time, TriQuest's net natural gas production from Tweedie/Wappau is anticipated to be 7.5 mmcf/d (1,250 boe/d). TriQuest has agreements with the area facility operator for gathering and processing at attractive rates that are fixed until December 31, 2006. All of TriQuest's production from the Tweedie area is currently sold on the spot market.

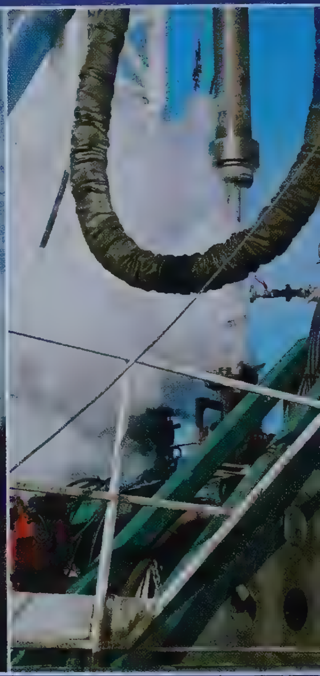
As at March 31, 2002, TriQuest had 112,000 gross undeveloped acres under farmin in addition to the 30,200 net undeveloped acres that it has earned to date. TriQuest is planning a 30 to 50 well drilling program in this core area for the 2002/2003 winter drilling season. Our right to earn will continue through the winter of 2003/2004. TriQuest is currently pursuing other significant additional growth opportunities in the Tweedie/Wappau area.

Exploration and Development in the Tweedie/Wappau Area

The Tweedie area is prospective for shallow natural gas from the Grand Rapids, Wabiskaw and McMurray Formations at depths between 200 and 500 metres. The Wabiskaw zone is gas saturated and is prospective over large areas of TriQuest-controlled acreage. The Grand Rapids and McMurray Formations are structurally controlled and can be targeted using 2-D seismic. The Company has access to more than 400 miles of seismic data to identify these targets. Wabiskaw wells in the area typically produce gas at rates between 100 and 300 mcf/d (17 and 50 boe/d), while initial productivity in excess of 1 mmcf/d (167 boe/d) is common from the Grand Rapids and McMurray zones.

TriQuest utilized the latest coiled tubing drilling technology on many of the wells drilled in the Tweedie/Wappau area during the 2001/2002 winter drilling season.

Coiled tubing drilling operations at the VEL Sommer 14-09-74-12 W4M Grand Rapids discovery.



Close-up of the drilling floor of a coiled tubing rig.

Production Operations in the Tweedie/Wappau Area

Natural gas produced from the Tweedie area is sweet, requiring only compression and dehydration before entering the sales pipeline. TriQuest produces its gas to three compression facilities at fixed and favourable rates until 2006.

A train of bulldozers move at a walking pace. TriQuest constructed 42 miles of pipeline this past winter to connect the new gas wells to existing production infrastructure.

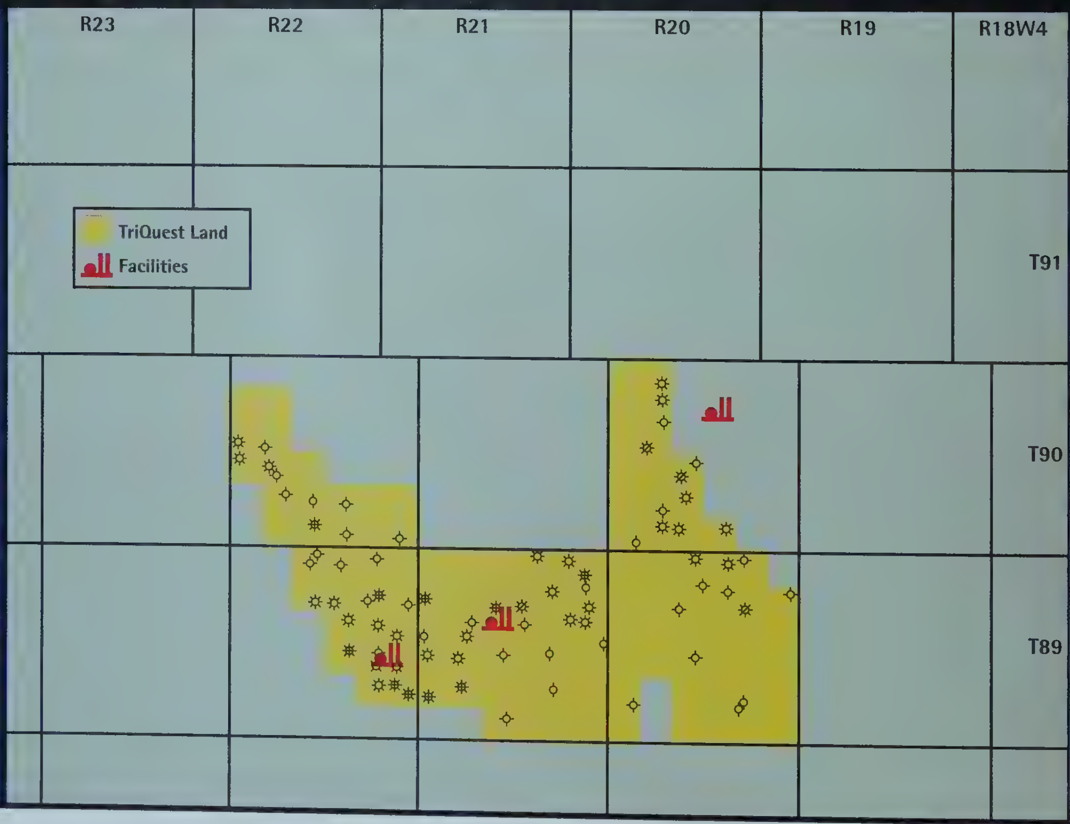
After a narrow 4' trench has been ripped in the ground, a pipeline plow installs the plastic pipe from a large spool. Using this technique, pipeline crews are able to install more than two miles of pipe per day.

Liege/MacKay

TriQuest has a 50.5% ownership in 102 sections of land, and a 6.67% interest in an adjacent 13 sections in the Liege/MacKay area, located 220 miles north of Edmonton. Production is from the Grosmont and Wabiskaw Formations. Two existing gas wells will be re-activated and tied-in during the 1st quarter of 2003. The majority of production is dedicated under an aggregator contract to October of 2003, with the remainder being sold on the spot market.

This area is operated by TriQuest and includes production facilities and 15,000 net undeveloped acres. TriQuest is evaluating additional prospects in this area for drilling and re-completion during the winter of 2002/2003.

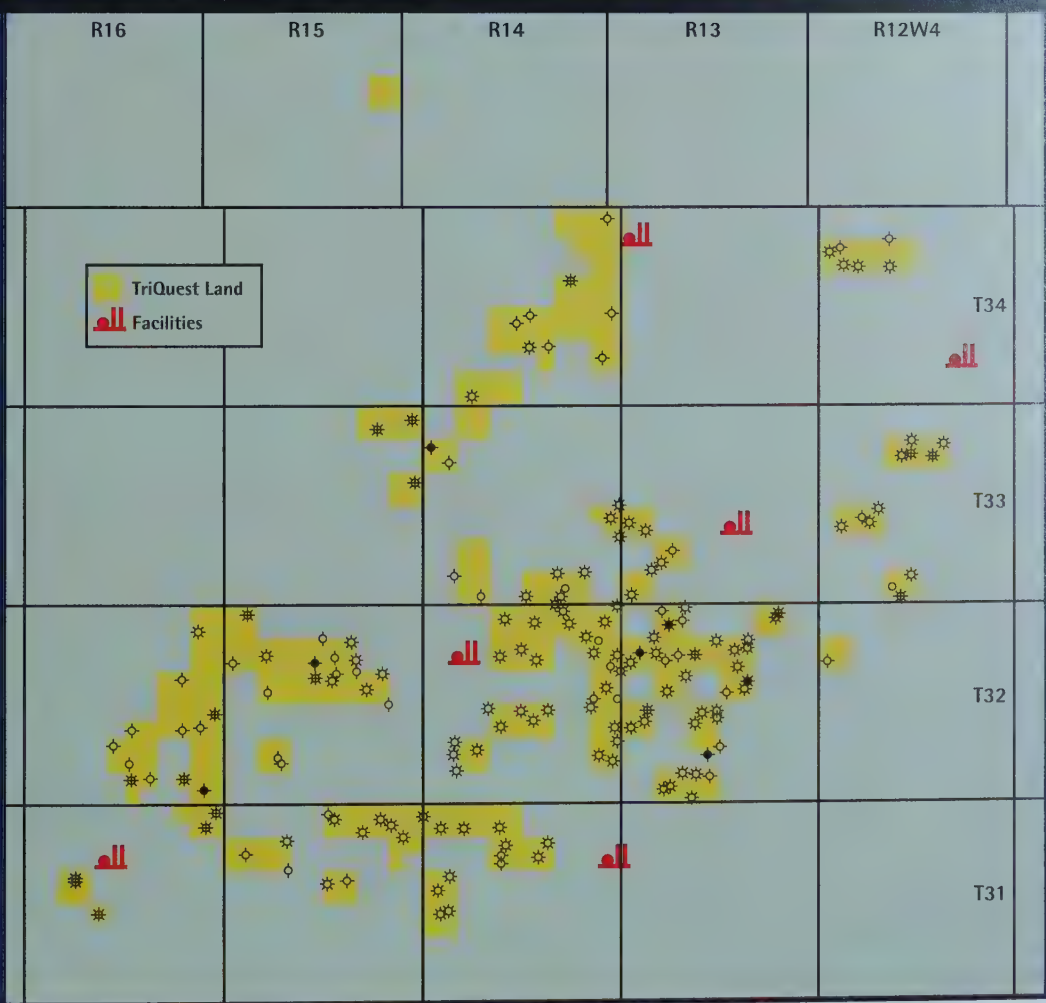
2001 Rate:	1.10 mmcfe/d (184 boe/d)
Q1-2002 Exit Rate:	0.78 mmcfe/d (130 boe/d)
2002 Capital:	$0.2 million



Hanna Garden

TriQuest has varying working interests up to 37.5% in the Hanna Garden area, located 70 miles northeast of Calgary. Production is from the Second White Specks and Belly River Formations. A small portion of the production is dedicated under an aggregator contract, with the remainder being sold on the spot market. As a follow-up to the 29 well (4.5 net) drilling program conducted in 2001, TriQuest expects to participate in 15 additional wells during 2002.

2001 Rate:	0.61 mmcfe/d (101 boe/d)
Q1-2002 Exit Rate:	0.76 mmcfe/d (127 boe/d)
2002 Capital:	$0.5 million



Land

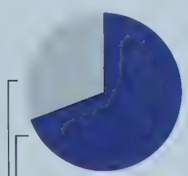
We believe that the right land base represents the engine for our future growth. During 2001, TriQuest continued to build its land base, increasing its undeveloped net acreage position by 21% to 62,100 acres. The incremental acreage was acquired in west-central Alberta, where the Company recognizes the need to continue to strengthen its land position by increasing both the acreage held and its average working interest.

	2001		2000	
	Gross	Net	Gross	Net
Land Summary by Type				
Developed	87,700	27,600	77,800	22,600
Undeveloped	162,400	62,100	133,300	51,200
Total	250,100	89,700	211,100	73,800
Override Lands	37,600		37,400	
Option Lands	19,200		21,700	
Land Summary by Province				
Alberta	245,500	89,200	206,500	73,300
British Columbia	3,300	400	3,300	400
Saskatchewan	1,300	100	1,300	100
	250,100	89,700	211,100	73,800

Net Acres
(000s/Working Interest)

The following table indicates the potential lease expires over the upcoming three-year period as at year-end 2001.

	Net Acreage	Net Expiring Acreage		
	YE 2001	2002	2003	2004
Alberta	89,200	2,000	5,000	5,200
British Columbia	400	0	0	0
Saskatchewan	100	0	0	0
Total	89,700	2,000	5,000	5,200


Undeveloped Net Acres
Developed Net Acres

During the year, we participated in numerous Crown land sales and successfully purchased 15,500 net acres of land at an average price of $70/acre, compared to the industry average price of $109/acre.

As a result of the Sommer acquisition, the Company's land base rose significantly. At March 31, 2002, the Company's undeveloped land base had increased 50% from year-end 2001, to 91,200 net acres. More significantly, TriQuest has the right to earn interests in a further 175 sections of option land, as compared to year-end 2001.

Production

The Company's average production rate during 2001 was 2.38 mmcf/d of natural gas, 63 bbl/d of crude oil and 8 bbl/d of natural gas liquids. Throughout the Annual Report, production and reserves figures are reported on a gas equivalency basis @ 10:1, followed in brackets by the corresponding oil equivalency figures @ 6:1. On a gas equivalent basis the average 2001 production rate was 3.09 mmcfe/d, a 37% increase compared to 2.26 mmcfe/d for 2000. On an oil equivalency basis, the average 2001 production rate was 467 boe/d compared to 333 boe/d during 2000.

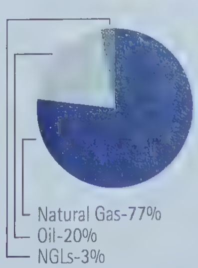
The production mix was heavily weighted towards natural gas at 77%, with crude oil at 20% and natural gas liquids at 3%. We anticipate the natural gas weighting to increase over time as we continue to target natural gas prospects in west-central Alberta and develop the Tweedie prospect. Production was derived predominantly from Alberta at 89%, with the balance from Saskatchewan and British Columbia.

Average production rates for TriQuest's major producing areas are outlined below. The figures include equivalent production from gross overriding royalty income (0.07 mmcfe/d in 2001 and 0.09 mmcfe/d) in 2000 to correspond with the reserves figures and depletion calculations.

	2001			2000		
		mmcfe/d	boe/d		mmcfe/d	boe/d
	Volume	@10:1	@ 6:1	Volume	@10:1	@ 6:1
Crude Oil (bbl/d)						
SW Success	28	9%	6%	32	14%	10%
Wilson Creek	32	10%	7%	28	13%	8%
Other	3	1%	0%	3	1%	1%
Total Crude Oil	63	20%	13%	63	28%	19%
Natural Gas (mmcf/d)						
Liege/MacKay	1.10	36%	39%	0.90	40%	45%
Hanna Garden	0.61	20%	22%	0.57	25%	29%
Other	0.67	21%	24%	0.14	6%	7%
Total Natural Gas	2.38	77%	85%	1.61	71%	80%
Natural Gas Liquids (bbl/d)						
Other	8	3%	2%	1	1%	1%
Total Natural Liquids	8	3%	2%	1	1%	1%
Total Equivalents		3.09	467		2.26	333

The Company has added new production from the Crossfield and Sylvan Lake areas, and expects to continue building its production base in west-central Alberta. At the time of this report, the Company's production rate is 8.5 mmcfe/d (1,370 boe/d).

Production
(mmcfe/d)

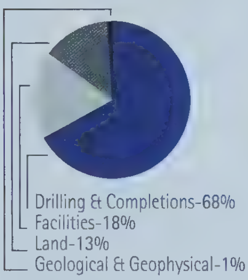


Capital

Capital Expenditures
($ millions)

Capital expenditures during 2001 tripled from 2000 to $11.1 million as the Company was extremely active in its west-central Alberta core area. Of the total expenditures, 68% was dedicated towards drilling operations, 18% went towards the construction of wellsite and gathering facilities, and 13% was directed to the continued accumulation of a land base for future growth. For 2002, the Company anticipates doubling its capital expenditures over 2001 levels to $22.6 million, half of which we anticipate being invested in our Tweedie prospect, with the remainder being spent in west-central Alberta.

	Expenditures ($ millions)	% of Total Expenditures
Drilling & Completions	7.464	68
Facilities	1.979	18
Land	1.478	13
Geological & Geophysical	0.084	1
Property Acquisitions	0.050	0
Other	0.034	0
Total	11.089	100



During 2001, we participated in the drilling or re-completion of 65 gross wells (19.7 net wells, for an average working interest of 30%), all targeting gas reserves. Thirty-six (15.2 net) of the wells were drilled in our west-central Alberta core area, and TriQuest operated 30 of these wells. The remaining 29 wells (4.5 net) were drilled in the Hanna area. Overall, an 86% success rate was achieved.

	2001		2000	
	Gross	Net	Gross	Net
Exploration Wells				
Oil	1	0.3	0	0.0
Natural Gas	13	6.1	2	0.9
Service	0	0.0	0	0.0
Dry & Abandoned	4	1.7	3	1.7
Total	18	8.1	5	2.6
Success Rate	78%	79%	40%	35%
Average Working Interest	45%		52%	
Operated by TriQuest	16		5	
Development Wells				
Oil	0	0.0	0	0.0
Natural Gas	42	10.6	1	0.2
Service	0	0.0	0	0.0
Dry & Abandoned	5	1.0	0	0.0
Total	47	11.6	1	0.2
Success Rate	89%	91%	100%	100%
Average Working Interest	25%		20%	
Operated by TriQuest	14		1	
Total				
Oil	1	0.3	0	0.0
Natural Gas	55	16.7	3	1.1
Service	0	0.0	0	0.0
Dry & Abandoned	9	2.7	3	1.7
Total	65	19.7	6	2.8
Success Rate	86%	86%	50%	39%
Average Working Interest	30%		46%	
Operated by TriQuest	30		6	

Drilling Activity
(net wells/working interest)

Reserves Data and Future Net Revenue

The Alberta Securities Commission established a taskforce in 1998 to develop minimum disclosure standards for oil and gas issuers. In January of 2001, the Alberta Securities Commission published the recommendations of the taskforce, many of which pertained to the disclosure of reserves and future net revenue. The anticipated implementation date for these guidelines is year-end 2002, and this section of this annual report is designed to meet the standards outlined in the taskforce recommendations.

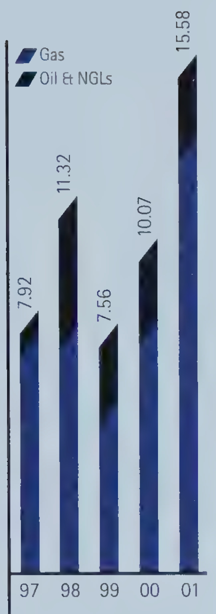
All of TriQuest's reserves, production and future net revenue were independently evaluated by Gilbert Laustsen Jung Associates Ltd. ("GLJ"). The GLJ evaluation was prepared using the GLJ price forecast dated effective January 1, 2002, and these prices (in nominal dollars) are shown on the table below for the initial five years of the evaluation.

		Crude Oil		Natural Gas	
		WTI Intermediate (US$/bbl)	Edmonton Reference (Cdn$/bbl)	Henry Hub (US$/mmbtu)	Average Alberta Plantgate (Cdn$/mmbtu)
Historical -	1998	14.42	20.36	2.16	1.94
	1999	19.29	27.69	2.32	2.48
	2000	30.22	44.56	4.33	4.50
	2001(estimate)	25.75	41.00	4.00	5.00
Forecast -	2002	20.00	30.75	3.20	3.95
	2003	21.00	31.25	3.50	4.35
	2004	21.00	30.50	3.60	4.45
	2005	21.00	29.50	3.65	4.50
	2006	21.25	29.50	3.70	4.50

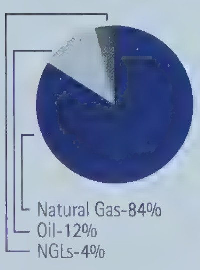
Presented below are summary tables of the Company's reserves as at December 31, 2001 based on GLJ's escalating price forecast and a constant price scenario. None of the figures noted in the Annual Report include the reserves or value associated with the Tweedie property which was acquired when the Company purchased Sommer Energy in January of 2002. The GLJ evaluation indicated total proved reserves of 2.87 bcf (478 mboe) and established reserves of 3.85 bcf (642 mboe) for the Tweedie property attributed to 2001 activities.

"Gross reserves" are defined as the total remaining recoverable reserves owned by TriQuest before the deduction of royalties. "Net reserves" are defined as the Company's reserves after the deduction of all royalties. "Established reserves" are defined as being proved reserves plus 50% of probable reserves. It is important to note that reserves estimates, by their very nature, are subject to positive and negative revisions as additional information becomes available.

Gross Company established reserves were 15.58 bcfe (2,431 mboe), of which 84% were natural gas and 85% were in the proved category. The reserve base at year-end 2001 shows a 55% increase from the 10.07 bcfe (1,513 mboe) carried at year-end 2000. The reserves decrease resulting from 2001 production of 1.13 bcfe (170 mboe) was offset by reserves developed in TriQuest's west-central Alberta core area.



Established Reserves
(bcfe)



Corporation Share of Remaining Reserves and Present Worth Values
Escalating Price Forecast (as of January 1, 2002)

		Proved			Proved & Unrisked	
		Producing	Non-Producing	Total	Probable	Established
Crude Oil (mstb)						
Gross Corporation		119	33	152	223	188
Net After Royalties		104	29	133	197	165
Natural Gas (bcf)						
Gross Corporation		7.06	4.11	11.17	15.01	13.09
Net After Royalties		6.16	3.20	9.36	12.52	10.94
Natural Gas Liquids (mstb)						
Gross Corporation		34	15	49	73	61
Net After Royalties		28	10	38	57	48
Total Equivalent Reserves (bcfe @ 10:1, mboe @ 6:1)						
bcfe:	Gross Corporation	8.59	4.59	13.18	17.97	15.58
	Net After Royalties	7.48	3.59	11.07	15.06	13.07
mboe:	Gross Corporation	1,330	733	2,063	2,798	2,431
	Net After Royalties	1,159	572	1,731	2,341	2,036
Before Tax Present Value ($ millions)						
@ 0%		20.20	12.86	33.06	46.09	39.58
8%		13.04	8.71	21.75	27.48	24.62
10%		12.07	8.09	20.16	25.16	22.66
12%		11.26	7.56	18.82	23.25	21.04
15%		10.26	6.91	17.17	20.95	19.06
18%		9.46	6.38	15.84	19.13	17.49
20%		9.01	6.07	15.08	18.10	16.59
First 6 Years Before Tax Cash Flow ($ millions)						
2002		2.93	1.95	4.88	5.07	4.98
2003		2.70	1.87	4.57	5.27	4.92
2004		2.17	1.24	3.41	3.95	3.68
2005		1.71	1.27	2.98	3.93	3.46
2006		1.34	1.01	2.35	3.19	2.77
2007		1.04	0.77	1.81	2.60	2.21

Corporation Share of Remaining Reserves and Present Worth Values
Constant Price Forecast (as of January 1, 2002)

		Proved			Proved &	
			Non-		Unrisked	
		Producing	Producing	Total	Probable	Established
Crude Oil (mstb)						
Gross Corporation		119	33	152	223	188
Net After Royalties		103	30	133	197	165
Natural Gas (bcf)						
Gross Corporation		6.83	4.12	10.95	14.98	12.97
Net After Royalties		5.96	3.20	9.16	12.49	10.83
Natural Gas Liquids (mstb)						
Gross Corporation		34	15	49	73	61
Net After Royalties		28	10	38	57	48
Total Equivalent Reserves (bcfe @ 10:1, mboe @ 6:1)						
bcfe:	Gross Corporation	8.36	4.59	13.18	17.97	15.58
	Net After Royalties	7.27	3.59	11.07	15.06	13.07
mboe:	Gross Corporation	1,291	735	2,026	2,793	2,411
	Net After Royalties	1,124	574	1,698	2,336	2,018
Before Tax Present Value ($ millions)						
@ 0%		17.43	11.68	29.11	39.51	34.31
8%		11.62	8.07	19.69	24.65	22.17
10%		10.79	7.53	18.32	22.68	20.50
12%		10.11	7.05	17.16	21.05	19.11
15%		9.25	6.47	15.72	19.07	17.40
18%		8.56	5.98	14.54	17.47	16.01
20%		8.17	5.70	13.87	16.57	15.22
First 6 Years Before Tax Cash Flow ($ millions)						
2002		2.93	1.95	4.88	5.07	4.98
2003		2.36	1.72	4.08	4.70	4.39
2004		1.86	1.11	2.97	3.45	3.21
2005		1.47	1.17	2.64	3.52	3.08
2006		1.16	0.94	2.10	2.87	2.49
2007		0.90	0.73	1.63	2.35	1.99

The table below indicates the future net revenue as at December 31, 2001 using forecast and constant prices and costs. All evaluations of future net revenues are stated prior to provision for abandonment and site reclamation costs, income taxes, interest costs or general and administration expenses, but the figures do account for royalties and estimated future capital and operating costs, and include ARTC. It should not be assumed that the discounted future net revenues are representative of the fair market value of the reserves.

		Escalating Prices		Constant Prices	
		Proved	Probable	Proved	Probable
Future Gross Revenue ($ millions)		56.37	22.85	48.93	19.05
Less:	Royalties, Net of ARTC	(6.83)	(3.04)	(5.97)	(2.58)
	Development Costs	(0.89)	(0.58)	(0.88)	(0.57)
	Operating Costs	(15.59)	(6.20)	(12.97)	(5.50)
	Future Net Revenue	33.06	13.03	29.11	10.40
Future Net Revenue Discounted ($ millions)					
@	0%	33.06	13.03	29.11	10.40
	8%	21.75	5.73	19.69	4.96
	10%	20.16	5.00	18.32	4.36
	12%	18.82	4.43	17.16	3.89
	15%	17.17	3.78	15.72	3.35
	18%	15.84	3.29	14.54	2.93
	20%	15.08	3.02	13.87	2.70

Development costs ($ millions) for the next 5 year period are shown below.

	Forecast Prices		Constant Prices	
	Proved	Probable	Proved	Probable
2002	0.48	0.09	0.48	0.09
2003	0.06	0.12	0.06	0.12
2004	0.31	0.37	0.30	0.36
2005	0.00	0.00	0.00	0.00
2006	0.00	0.00	0.00	0.00
	0.85	0.58	0.84	0.57

The reserve life index at year-end 2001, calculated on the basis of year-ending established reserves of 15.58 bcfe and the 2001 average production rate of 3.09 mmcfe/d, was 13.8 years, the same as at year-end 2000. The reserve replacement ratio was 5.9 times 2001 production.

Net Asset Value

The following table summarizes the Company's net asset value at year-end 2001 as measured with reference to the present value of future cash flows estimated by GLJ. No value has been ascribed to the Tweedie/Wappau property which was acquired when the Company purchased Sommer Energy in January of 2002. Undeveloped land values are taken from the depletion calculations in the audited financial statements and may not be representative of market values.

	2001 Escalating Price			2000 @	%
	10%	12%	15%	15%	Change
Established Reserve Value	$21,040,000	$19,060,000	$17,490,000	$12,639,000	38
Undeveloped Land	$2,548,000	$2,548,000	$2,548,000	$3,814,650	(33)
Working Capital	$3,888,687	$3,888,687	$3,888,687	$9,492,153	(59)
Debt	0	0	0	0	0
Net Asset Value	$27,476,687	$25,496,687	$23,926,687	$25,945,803	(8)
Outstanding Shares	40,045,000	40,045,000	40,045,000	35,045,000	14
Net Asset Value per Share	$0.69	$0.64	$0.60	$0.74	(19)

Reserves Reconciliation

The following table shows a reconciliation of gross Company reserves as at December 31, 2001.

				Total Equivalents	
	Natural Gas (bcf)	Liquids (mstb)	Oil (mstb)	bcfe (@ 10:1)	mboe (@ 6:1)
Proved Reserves					
Beginning of Year	6.36	24	175	8.35	1,259
Revisions	(0.26)	(4)	–	(0.30)	(47)
Acquisitions/(Dispositions)	–	–	–	–	–
Discoveries/Extensions	5.94	32	–	6.26	1,021
Production	(0.87)	(3)	(23)	(1.13)	(170)
Sale of Reserves	0.00	0	0	0.00	0
Total Proved	11.17	49	152	13.18	2,063
Probable Reserves					
Beginning of Year	2.49	11	84	3.45	511
Revisions	(0.69)	–	(13)	(0.82)	(128)
Acquisitions/(Dispositions)	–	–	–	–	–
Discoveries/Extensions	2.04	13	–	2.16	352
Production	0.00	0	0	0.00	0
Sale of Reserves	0.00	0	0	0.00	0
Total Probable	3.84	24	71	4.79	735
Total Proven & Probable	15.01	73	223	17.97	2,798
Established Reserves	13.09	61	188	15.58	2,431

The table below indicates the Company's replacement costs for the one-year and two-year periods ending in 2001.

	1-Year		2-Year	
	($/mcfe)	($/boe)	($/mcfe)	($/boe)
Proved	1.86	11.39	1.75	10.75
Established	1.67	10.19	1.47	9.05

Marketing

The average price for natural gas sold by TriQuest during 2001 was $4.56/mcf, below the average AECO spot market price of $5.43/mcf because of the Company's exposure to aggregator contracts (50% of the Company's 2001 natural gas production received aggregator netback pricing). Average prices for oil and natural gas liquids were $31.84/bbl and $30.83/bbl respectively. No hedges were in place during 2001, but as TriQuest's production base grows, the Company will review the use of financial derivative products to ensure an element of price certainty given the increasingly volatile nature of the gas market.

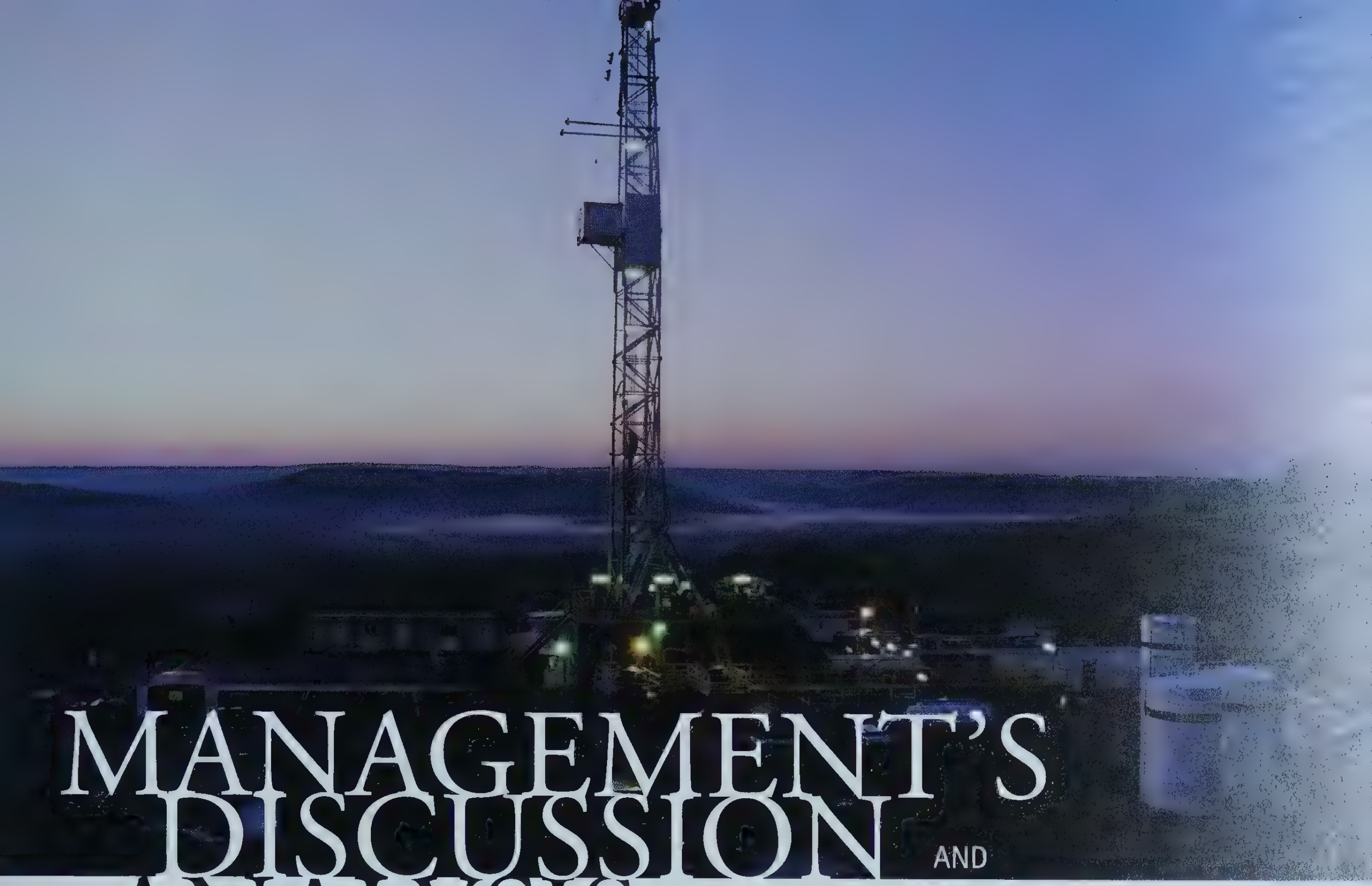
Since deregulation in 1986, the marketing of natural gas has become increasingly complex, and small producers without sophisticated marketing expertise will have difficulty marketing effectively. TriQuest continues to establish strategic relationships with a select group of natural gas marketers who can purchase all of our production at the plant gate, reduce our administrative burden, and offer financial derivative products when the Company elects to hedge a portion of its production.

The marketing of oil in Alberta is relatively simple compared to natural gas. Oil is a global commodity with distinct and well publicized pricing. TriQuest markets it crude oil production at the plant gate on a daily spot basis, with pricing based on posted Edmonton prices less a transportation differential.

Safety and the Environment

TriQuest's activities in the field inherently involve environmental risks as well as safety risks. The Board has established policies and procedures to address these environmental risks, emergency response and safety issues. An Environmental Policy Statement and a Safety Policy have been instituted. These policies commit the Company to protect and respect the environment on behalf of shareholders and the public, and to conduct all field operations in accordance with current environmental, occupational health and safety regulations. Senior management supports, and is responsible for implementing these policies throughout the organization.

The Alberta and British Columbia regulatory authorities require operators to place on deposit, sufficient funds for the abandonment of a portion of its non-producing wells and the reclamation of the accompanying surface leases. The deposits are returned with accrued interest after abandonment and reclamation activities have been completed. TriQuest has deposited $0.2 million with these authorities against the future liabilities associated with 16 suspended wells. The Company abandoned four of these wells during 2001, with two additional wells being abandoned during the 1st quarter of 2002.



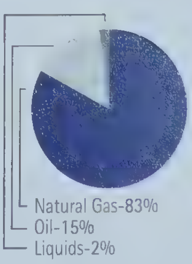
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the financial statements for the years ended December 31, 2001 and 2000.

Highlights

	2001		2000	
	$	$/mcfe[1]	$	$/mcfe[1]
Revenue[2]	4,352,834	3.87	3,657,892	4.43
Expenses				
Production	(909,160)	(0.81)	(818,388)	(0.99)
General & Administrative	(853,240)	(0.76)	(867,700)	(1.05)
Capital & Other Taxes	(57,772)	(0.05)	(13,000)	(0.02)
Cash Flow From Operations	2,532,662	2.25	1,958,804	2.37
Depletion and Depreciation	(1,026,000)	(0.91)	(433,630)	(0.52)
Site Restoration	(70,000)	(0.06)	(65,500)	(0.08)
Future Income Taxes	(504,626)	(0.45)	(708,000)	(0.86)
Net Earnings	932,036	0.83	751,674	0.91
Per Share[4]- Earnings	$0.03		$0.02	
Cash Flow[3]	$0.07		$0.06	
Capital Expenditures	11,089,146		3,606,256	
Year-End Working Capital	3,888,687		9,492,153	
Debt	0		0	
Production (mmcfe/d)	3.09		2.26	

Notes:
(1) Oil and natural gas liquids have been converted on the basis of 10 mcf per bbl.
(2) Revenue is after consideration of royalties, and includes interest income.
(3) Cash flow per share is calculated based on cash flow from operations before changes in non-cash working capital.
(4) Per share earnings and cash flow figures are the same using basic shares or diluted shares.



Revenue Contribution

Revenue

The Company's gross oil and gas sales revenue for 2001 totaled $4.8 million, an increase of 31% over the comparable 2000 figure of $3.7 million. The revenue increase was due to production in 2001 (3.09 mmcfe/d or 467 boe/d) which was 37% higher than in 2000 (2.26 mmcfe/d or 333 boe/d), offset by average commodity prices which were 4% lower in 2001 ($4.28/mcfe) than in 2000 ($4.46/mcfe). Of the $4.8 million of revenue, $0.1 million ($0.1 million in 2000) was attributable to gross overriding royalties received by the Company.

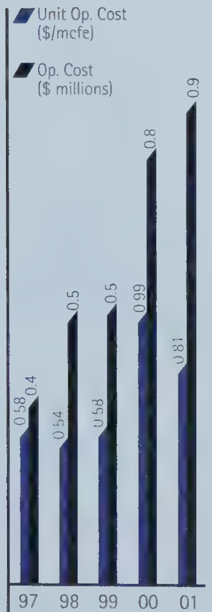
	Average Commodity Prices		Contribution to Revenue	
	2001	2000	2001	2000
Natural Gas	$4.56/mcf	$4.73/mcf	83%	76%
Oil	$31.84/bbl	$38.44/bbl	15%	23%
Natural Gas Liquids	$30.83/bbl	$42.54/bbl	2%	1%

During 2001, revenue resulting from the sale of natural gas accounted for 83% of the gross oil and gas sales revenue, compared to 76% for the previous year. The corresponding figures for oil were 15% in 2001 compared to 23% in 2000. The sale of NGL's accounted for the remainder of revenue during both 2000 and 2001. The increase in natural gas revenue contribution resulted because gas production accounted for a larger proportion of the production mix in 2001 than it did in 2000, and because gas prices decreased to a lesser extent from 2000 to 2001 than did oil and NGL prices.

Interest income for the year 2001 was $0.3 million compared to $0.5 million for the year ended 2000. This resulted because interest rates declined steadily through 2001, and because the Company's cash balance was drawn down to finance the 2001 drilling program. As at December 31, 2001, the Company held no short-term deposits. The Company expects to incur net interest expense for 2002 as it draws against its loan facility to finance its 2002 capital program.

Operating Netbacks

Crown, freehold and overriding royalties paid during 2001 totaled $0.7 million ($0.65/mcfe or 15.2% of gross oil and gas sales revenue), net of ARTC. The corresponding amount for 2000 was $0.6 million ($0.70/mcfe or 15.6% of gross oil and gas sales revenue). This 27% increase in royalty expense from 2000 to 2001 is primarily due to the 37% increase in average production rates, offset by the 4% drop in average commodity prices. Prior to the adjustment resulting from a provincial audit of the Company's ARTC for the period 1997 - 1999, Crown royalties for 2001 were reduced for ARTC by $32,000 ($0.03/mcfe or 0.7% of gross oil and gas sales revenue) compared to $18,000 ($0.02/mcfe or 0.5% of gross oil and gas sales revenue) in 2000. After provision for the audit findings, ARTC to the Company was $5,000 ($0.00/mcfe or 0.0% of gross oil & gas revenue). Only 27% of the Company's production was eligible for ARTC during 2001, although the Company expects this figure to increase over time as it continues to drill prospects in Alberta. The design of the ARTC program calls for the credit to decrease with



Operating Costs

increasing commodity prices. The Company has not yet reached its limit under the rules governing the ARTC, and could derive significant benefit from the program given its plans to drill wells in Tweedie and west-central Alberta.

Net operating costs during 2001 were $0.9 million ($0.81/mcfe or 18.8% of gross oil and gas sales revenue), compared to $0.8 million ($0.99/mcfe or 22.2% of gross oil and sales revenue) during 2000. The Company expects its unit operating costs to remain at approximately the 2001 levels for the foreseeable future. Third party processing income (2001: $0.3 million, 2000: $0.1 million) received at the TriQuest operated MacKay gas plant has been netted off the total operating costs. Third party processing income is anticipated to decrease in the future as recent drilling activity has been only moderately successful, and because a third party processor has elected to re-route its gas to its own facilities. Operating costs remain highest at Liege/MacKay as a result of the remoteness of the wells and the age of the plant processing equipment.

General and Administrative Expenses

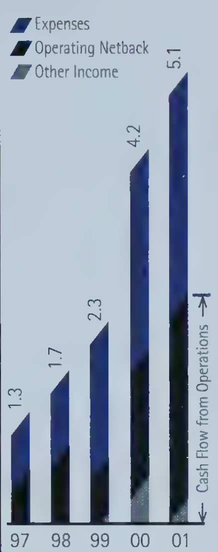
General and administrative ("G&A") expenses during 2001, net of overhead recoveries, were $0.9 million, consistent with the 2000 level of $0.9 million. On a unit basis, G&A decreased 28% from $1.05/mcfe in 2000 to $0.76/mcfe in 2001, primarily because of the increase in the average production rate. To date, no G&A expenses have been capitalized.

($, except per mcfe figures)	2001	2000
Gross G&A Expenses	1,351,460	1,100,750
Overhead Recoveries	(498,220)	(233,050)
Net G&A Expenses	853,240	867,700
Net G&A ($/mcfe at 10:1 conversion)	0.76	1.05
Net G&A : Capital Deployed (%)	7.7	24.1

G&A Costs

In 2002, TriQuest will be required to adopt new Canadian accounting standards relating to stock based compensation and other stock based payments to non-employees. The new standard is to be applied prospectively for stock based payments to non-employees and to employee awards that are direct awards of stock options. For such future awards, the Company will be required to follow the fair value method, as prescribed in the standard and calculate a fair value of the options granted and record that fair value as an expense over the term of the grant. For options granted to employees and directors TriQuest will be required to disclose the fair value, as prescribed in the standard, of options granted.

Cash Flow From Operations



Cash Flow
($ millions)

The table below indicates the netbacks received by the Company during 2001 and 2000. Cash flow from operations is calculated before changes in non-cash working capital.

	2001			2000		
	$	%	($/mcfe)	$	%	($/mcfe)
Oil & Gas Sales Revenue	4,826,275	100.0	4.28	3,687,745	100.0	4.46
Royalties, net of ARTC	(734,464)	(15.2)	(0.65)	(576,310)	(15.6)	(0.70)
Operating Costs	(909,160)	(18.8)	(0.81)	(818,388)	(22.2)	(0.99)
Net Operating Income	3,182,651	66.0	2.82	2,293,047	62.2	2.77
G&A	(853,240)	(17.7)	(0.76)	(867,700)	(23.5)	(1.05)
Capital & Other Taxes	(57,772)	(1.2)	(0.05)	(13,000)	(0.4)	(0.02)
Operating Netback	2,271,639	47.1	2.01	1,412,347	38.3	1.71
Other Income	261,023	5.5	0.24	546,457	14.8	0.67
Cash Flow From Operations	2,532,662	52.6	2.25	1,958,804	53.1	2.37

The contribution to 2001 cash flow from operations that results from interest income is $0.3 million, or 5.4% of the total revenue compared to 14.8% in 2000.

Depletion, Depreciation and Site Restoration

Depletion, depreciation and site restoration charges for 2001 amounted to $1.1 million (including $1.0 million for depletion and depreciation, and $0.1 million as a provision for future site restoration). This compares to $0.5 million for 2000 ($0.4 million for depletion and depreciation, and $0.1 million for site restoration). The increase from 2000 is due primarily to higher production volumes and higher unit depletion charges.

Cash Flow

The following table summarizes the abandonment and reclamation costs as at year-end 2001.

Number of Net Wells for Which Costs Will be Incurred		53.4
Expected Future Abandonment and Reclamation Costs		$1.2 million
Deposits Held by Regulatory Authorities		$0.2 million
Costs Incurred During Year		$0.1 million
Abandonment and Reclamation Costs Accrued as at Year-End		$0.2 million
Abandonment and Reclamation Costs Expected to be Incurred in:	2002	$20,000
	2003	$20,000
	2004	$40,000

Income Taxes

Effective January, 2001, the CICA changed the accounting standard relating to the accounting for income taxes. The Company has adopted the new income tax accounting standard retroactively without restatement of prior periods. As a result, the Company has recorded a decrease to retained earnings of $93,400 and an increase to the future tax liability, formerly the deferred tax liability, of the same amount, as at January 1, 2000.

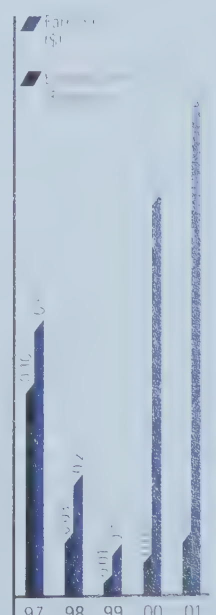
The provision for future income tax decreased 29% to $0.5 million in 2001 from $0.7 million in 2000, due primarily to a general decline in oil and gas prices, coupled with a reduction in the Alberta income tax rate.

As a result of the prior business strategy of acquiring, and subsequently disposing of properties at prices higher than the acquisition cost, the Company's tax pool basis is relatively small compared to its revenue. In the current environment of strong commodity prices, TriQuest may be cash taxable as early as the end of 2003 unless the business plan, which calls for internal prospect generation and the drilling of wells, is implemented and significant tax pools are generated.

The following table outlines the Company's resource pool and UCC balances at year-end, after anticipated deductions necessary to reduce taxable income to zero.

	2001
Cumulative Canadian Oil & Gas Property Expense (COGPE)	$3,797,000
Cumulative Canadian Development Expense (CDE)	2,411,000
Cumulative Canadian Exploration Expense (CEE)	4,862,000
Total Resource Pools	$11,070,000
Undepreciated Capital and Other Cost Pools	2,325,000
Undeducted Share Issue Costs Carried Forward	346,000
Non-Capital Loss Carry-Forwards	126,000
Total	$13,867,000

Earnings and Cash Flow



Earnings

Earnings for 2001 were $0.9 million ($0.03 per basic or diluted share), up 24% from the corresponding 2000 level of $0.8 million ($0.02 per basic or diluted share). The primary reasons for this earnings increase related to an increase in production revenue, net of increased depletion.

The Company's 2001 cash flow from operations of $2.5 million ($0.07 per basic or diluted share), a 29% increase from the corresponding 2000 figure of $2.0 million ($0.06 per basic or diluted share).

Ceiling Test

The ceiling test ensures that the net book value of the petroleum and natural gas properties does not exceed the estimated future net revenue of the Company's proven reserves. At December 31, 2001, using year-end pricing held constant throughout the life of the reserves, there was no impairment in the property, plant and equipment of the Company.

Liquidity and Capital Resources

At year-end 2001, accounts receivable were $7.3 million, a 145% increase from the corresponding figure of $3.0 million at year-end 2000. Of the 2001 figure, $5.7 million (2000 - $1.3 million) pertained to joint venture billings which were receivable for capital projects which the Company operated.

Similarly, accounts payable at year-end of $4.0 million were up 122% over the 2000 figure of $1.8 million. Of the 2001 figure, $0.5 million (2000 - $1.1 million) pertained to joint venture billings which were payable for capital projects which were not operated by TriQuest. The large increases in both accounts receivable and accounts payable resulted from the significant expansion in operational activity (and the resulting capital expenditures) in 2001 compared to 2000.

TriQuest's ability to grow is based, in part, on its ability to generate prospects and invest significant amounts of capital for its exploration, development and acquisition activities. Implementation of the new business strategy identified in 1999 would not be possible without equity financings, and the $12.0 million special warrant financing completed in September of 1999 provided the Company with sufficient resources to begin assembling a land base and to begin conducting drilling activity. In 2001, the Company's capital expenditures of $11.1 million were funded by cash flow from operations and working capital. In December of 2001 the Company completed a $3.0 million flow-through share financing with a single, arms-length investor in order to further fund its 2002 capital program. Additional equity financings may be considered during 2002.

All outstanding debt balances were eliminated following the 1999 financing, and the Company remained debt free as at the date hereof. In order to fund the 2002 capital program, the Company instituted a $3.5 million revolving credit facility with a Canadian chartered bank. Subject to need, the Company may look to extend the size of this facility.

	2001	2000
Uses of Cash:		
Additions to Property, Plant & Equipment	$11,039,106	$2,748,566
Acquisition of Property, Plant & Equipment	50,040	857,690
Abandonment Deposits	5,124	118,662
Abandonment Expenditures	41,858	1,163
	$11,136,128	$3,726,081
Funded By:		
Cash Flow from Operations	$2,532,662	$1,958,804
Issuance of Share Capital, Net	3,000,000	8,000
Change in Working Capital	5,603,466	1,759,277
	$11,136,128	$3,726,081

Financial Sensitivities

Corporate performance can be influenced heavily by external factors, most prominently, commodity prices. Because the Company's production is so heavily weighted towards gas production, cash flow and earnings are much more sensitive to changes in gas prices than to changes in oil and NGL prices. Incremental changes to each of these factors would have had the following effects on 2001 cash flow and earnings:

Factor	Sensitivity	Cash Flow	Earnings
Natural Gas	$0.10 per mcf	$77,000	$46,000
Oil & Natural Gas Liquids	U.S. $1.00/bbl in WTI	$29,000	$17,000

Common Share Trading

The common shares of TriQuest are listed for trading on the Canadian Venture Exchange Inc. under the symbol "TRI". We believe that we are qualified to graduate to the Toronto Stock Exchange and such a move is under consideration.

		2001	2000
Trading Volume:	Annual	**3,674,240**	4,765,250
	Monthly Average	**306,200**	397,100
	Annual Turnover	**10.4%**	13.6%
Trading Value:	Annual	**$2,254,173**	$2,126,565
	Monthly Average	**$187,850**	$177,200
Share Price:	High	**$0.85**	$0.60
	Low	**$0.38**	$0.36
	Close	**$0.45**	$0.50
Outstanding Shares at Year-End		**40,045,000**	35,045,000
Outstanding and Exercisable Options		**3,255,000**	3,180,000
Fully Diluted Shares		**43,300,000**	38,225,000
Market Capitalization at Year-End		**$18,020,250**	$17,522,500

Business Risks and Risk Management

TriQuest is subject to operational and financial uncertainties, some of which are not controllable by the Company.

The Company is exposed to operational risk in the form of drilling, reservoir performance, competition, and environment and safety. The Company attempts to control operating risk by maintaining a disciplined approach to the implementation of the business strategy. Exploration risk is managed by employing an experienced technical staff and by conducting operations in the geographical and geological areas where it has expertise and experience. An extensive due diligence process is used to review the geological, geophysical, engineering and financial attractiveness of all operations. The actions of management are overseen by the Company's Board of Directors. Assuming operatorship allows the Company to control the manner, timing and cost of operations, and we intend to continue operatorship of jointly operated properties where our level of ownership dictates. In order to contend with its larger competitors, TriQuest relies on its technical expertise and its ability to make decisions quickly. TriQuest complies with all environmental and safety regulations under the jurisdictions that administer the policies where the Company operates. The Board has approved Environmental Protection and Safety plans, and the Company has defined an emergency response plan.

The Company is exposed to financial risk in the form of commodity prices, foreign exchange rates and interest rates. Financial risk is mitigated by maintaining a low debt to cash flow ratio when debt is outstanding. Commodity price volatility can be offset by a variety of financial instruments designed to ensure future prices, and while the Company does not currently use these instruments, it does anticipate using short-term financial derivatives for hedging a portion of its production as its production base increases. The Company carries adequate insurance to cover identifiable and material risks and potential liabilities related to field and office activity, as well as coverage for personnel and directors executing their corporate responsibilities.

Management's Report

Report on Financial Data

The Company's financial statements and all of the information in this Annual Report are the responsibility of Management. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Other financial information presented elsewhere in this report is consistent with the financial statements and the underlying information from which these statements were prepared.

Management maintains systems of internal controls to ensure that the Company's assets are safeguarded, and that all transactions are authorized and properly recorded for the preparation of reliable financial statements.

The TriQuest Board of Directors has approved these financial statements upon the recommendation of the Audit Committee. KPMG LLP, the independent auditors appointed by the Shareholders, have audited the financial statements and expressed an opinion herein.

Report on Reserves Data

Independent evaluators have evaluated the Company's Reserves Data, and the reserve and value information prepared by Gilbert Laustsen Jung Associates Ltd. has been summarized in the section Reserves Data And Future Net Revenues. The Audit Committee of the Board of Directors has: (a) reviewed the Company's procedures for assembling and reporting information associated with oil and gas producing activities and providing this information to the evaluator; (b) met with the independent evaluator to determine whether any restrictions placed by management affect the ability of the independent evaluator to report without reservation; and (c) reviewed the Reserves Data with Management and the independent evaluator. The Audit Committee was satisfied with the process undertaken in the preparation of the evaluation, and on the recommendation of the Audit Committee, the Board has approved the Reserves Data.

Gordon J. Hoy

Gordon J. Hoy
President, C.E.O. & C.F.O.
April 19, 2002

Bruce D. Gigg

Bruce D. Gigg
Vice President, Engineering & Development

Auditors' Report to the Shareholders

We have audited the balance sheets of TriQuest Energy Corp. as at December 31, 2001 and 2000 and the statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada

April 19, 2002

Balance Sheets

December 31, 2001 and 2000

	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	$ 670,075	$ 8,353,127
Accounts receivable (note 2)	7,265,618	2,965,379
	7,935,693	11,318,506
Deposits for well abandonment	178,024	172,900
Property, plant and equipment (note 2)	17,669,679	7,606,533
	$ 25,783,396	$ 19,097,939
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 2)	$ 4,047,006	$ 1,826,353
Future site restoration (note 2)	165,567	137,425
Future income taxes (note 4)	2,718,400	935,774
Shareholders' equity:		
Share capital (note 3)	16,411,602	14,689,602
Retained earnings	2,440,821	1,508,785
	18,852,423	16,198,387
Commitment (note 3(b))		
Subsequent event (note 9)		
	$ 25,783,396	$ 19,097,939

See accompanying notes to financial statements.

On behalf of the Board:

Gordon J. Hoy
Director

Harley N. Hotchkiss
Director

Statements of Earnings and Retained Earnings

Years ended December 31, 2001 and 2000

	2001	2000
Revenues:		
Petroleum and natural gas	$ 4,826,275	$ 3,687,745
Royalties, net of ARTC	(734,464)	(576,310)
Interest	261,023	546,457
	4,352,834	3,657,892
Expenses:		
Production	909,160	818,388
Depletion, depreciation and amortization	1,026,000	433,630
General and administrative	853,240	867,700
Future site restoration	70,000	65,500
	2,858,400	2,185,218
Earnings before taxes	1,494,434	1,472,674
Taxes (note 4):		
Future income taxes	504,626	708,000
Capital and other taxes	57,772	13,000
	562,398	721,000
Net earnings	932,036	751,674
Retained earnings, beginning of year	1,508,785	850,511
Change in accounting policy (note 4)	–	(93,400)
Retained earnings, end of year	$ 2,440,821	$ 1,508,785
Net earnings per share (note 5):		
Basic and diluted	$ 0.03	$ 0.02

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended December 31, 2001 and 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Net earnings	$ 932,036	$ 751,674
Items not involving cash:		
Depletion, depreciation and amortization	1,026,000	433,630
Future income taxes	504,626	708,000
Future site restoration	70,000	65,500
Cash flow from operations	2,532,662	1,958,804
Change in non-cash working capital	1,753,943	761,329
	4,286,605	2,720,133
Financing:		
Issuance of common shares	3,000,000	8,000
Investing:		
Additions to property, plant and equipment	(11,039,106)	(2,748,566)
Acquisition of property, plant and equipment	(50,040)	(857,690)
Site restoration costs paid	(41,858)	(1,163)
Deposits for well abandonment	(5,124)	(118,662)
Change in non-cash working capital related to investing activities	(3,833,529)	(2,154,567)
	(14,969,657)	(5,880,648)
Decrease in cash and cash equivalents	(7,683,052)	(3,152,515)
Cash and cash equivalents, beginning of year	8,353,127	11,505,642
Cash and cash equivalents, end of year	$ 670,075	$ 8,353,127
Represented by:		
Cash	$ 670,075	$ 293,171
Term deposits	-	8,059,956
	$ 670,075	$ 8,353,127
Cash flow from operations per share (note 5):		
Basic and diluted	$ 0.07	$ 0.06

See accompanying notes to financial statements.

Notes to Financial Statements

Years ended December 31, 2001 and 2000

Nature of operations:
TriQuest Energy Corp. (the "Company") is a resource based company engaged in the exploration for, and the development and production of natural gas, natural gas liquids and crude oil in Western Canada.

TRI **1. Significant accounting policies:**

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with generally accepted account principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Petroleum and natural gas operations:

The Company follows the full cost method of accounting whereby all costs associated with the exploration for and development of petroleum and natural gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical costs, lease rental costs on non-producing properties, costs of both productive and unproductive drilling and production equipment. Gains or losses are not recognized upon disposition of petroleum and natural gas properties unless crediting the proceeds against accumulated costs would result in a change in the depletion rate of 20% or more.

The accumulated costs, less the costs of acquisition of unproved properties, are depleted and depreciated using the unit-of-production method based on total proved reserves before royalties as determined by independent evaluators. Natural gas reserves and production are converted into equivalent barrels of oil based upon the estimated relative energy content.

The costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of impairment is added to the costs subject to depletion.

The net carrying amount of the Company's petroleum and natural gas properties is limited to a ceiling, being the aggregate of future net revenues from proved reserves, less future capital costs plus the costs of unproved properties, net of impairment allowances, less future site restoration costs, general and administrative costs, financing costs and income taxes. Further, net revenues have been calculated using prices and costs in effect at the Company's year-end without escalation or discounting.

(b) Interest in joint ventures:

Substantially all of the Company's oil and gas exploration and development activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

(c) Future site restoration costs:

Estimated future site restoration costs are provided for over the life of the estimated proven reserves on a unit-of-production basis. Costs are estimated each year by management in consultation with the Company's engineers based on current regulations, costs, technology and industry standards. The period charge is expensed and actual site restoration and abandonment expenditures are charged to the accumulated provision account as incurred.

(d) Financial instruments:

The Company may enter into derivative instrument contracts to manage its exposure related to petroleum and natural gas prices and foreign currency fluctuations. Settlement amounts on commodity and foreign currency hedge contracts are recognized in earnings as the related production revenues are recorded.

(e) Stock option program:

The Company has a stock option program that is described in note 3(c). When stock options are granted, no compensation expense is recorded. Consideration received on the exercise of the stock option is credited to share capital.

(f) Income taxes:

The Company uses the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(g) Office furniture and equipment:

Office furniture and equipment is stated at cost. Depreciation is provided on a declining balance basis at a rate of 20%.

(h) Per share amounts:

Diluted per share amounts are calculated using the treasury stock method. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options and warrants assuming the proceeds would be used to repurchase shares at average market prices for the period. Anti-dilutive options and warrants are not included in the calculation.

(i) Flow-through shares:

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Future income tax liabilities are increased and capital stock is reduced by the estimated tax cost of the renounced expenditures.

TRI 2. Property, plant and equipment:

2001	Cost	Accumulated depletion, depreciation and amortization	Net book value
Petroleum and natural gas properties	$ 20,292,165	$ 2,744,500	$ 17,547,665
Office furniture and equipment	180,146	58,132	122,014
	$ 20,472,311	$ 2,802,632	$ 17,669,679

2000			
Petroleum and natural gas properties	$ 9,245,005	$ 1,749,000	$ 7,496,005
Office furniture and equipment	138,160	27,632	110,528
	$ 9,383,165	$ 1,776,632	$ 7,606,533

As at December 31, 2001, costs of acquiring undeveloped properties in the amount of $2,548,800 (2000 - $3,814,650) were excluded from ceiling test and depletion calculations.

As at December 31, 2001, the estimated future site restoration costs to be accrued over the life of the remaining proven reserves were approximately $1.0 million.

Accounts receivable include $5,706,145 (2000 - $1,337,711) pertaining to joint venture billings receivable for capital projects. Included in accounts payable is $534,905 (2000 - $1,067,397) relating to capital projects.

TRI 3. Share capital:

(a) Authorized:

(i) Unlimited number of common shares; and

(ii) Unlimited number of preferred shares, issuable in series, rights and privileges to be determined upon issue, of which none have been issued.

(b) Common shares issued and outstanding:

	Number of shares	Amount
Balance, December 31, 1999	35,005,000	$ 14,681,602
Issued for cash on exercise of options	40,000	8,000
Balance, December 31, 2000	35,045,000	$ 14,689,602
Flow-through shares issued for cash, net of future income tax of $1,278,000	5,000,000	1,722,000
Balance, December 31, 2001	40,045,000	$ 16,411,602

The Company is required to incur $3.0 million, pursuant to the issuance of the flow through shares, on expenditures qualifying as Canadian exploration expenses prior to December 31, 2002.

(c) Stock option program:

The Company has a stock option program from which the Company may grant options to its employees, officers, directors and consultants for up to 10% of the issued and outstanding common

shares. Under this program, the exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is five years and vest immediately.

The following table summarizes the changes in the Company's stock option program:

	2001		2000	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding and exercisable, beginning of year	3,180,000	$ 0.49	2,970,000	$ 0.49
Granted	75,000	0.47	250,000	0.37
Exercised	–	–	(40,000)	0.20
Outstanding and exercisable, end of year	3,255,000	$ 0.49	3,180,000	$ 0.49

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2001:

	Options Outstanding and Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price
$ 0.20	210,000	0.09	$ 0.20
$ 0.35 to $ 0.47	945,000	2.88	0.38
$ 0.56 to $ 0.60	2,100,000	2.66	0.56
$ 0.20 to $ 0.60	3,255,000	2.56	$0.49

TRI **4. Taxes:**

Effective January 1, 2000, the Company changed its accounting policy for income taxes in accordance with new recommendations to Canadian Generally Accepted Accounting Principles. Prior thereto, the Company had followed the deferral method. The new method was applied retroactively without restatement of prior period statements. On adoption, retained earnings was decreased and future income tax liability was increased by $93,400. There was no effect on earnings during 2000 as a result of this change.

The provision for taxes differs from the amount that would have been expected by applying corporate income tax rates to earnings before taxes as shown below:

	2001	2000
Earnings before taxes	$1,494,434	$ 1,472,674
Statutory income tax rate	42.6%	44.6%
Expected tax provision	636,629	656,813
Increase (decrease) in expected tax provision resulting from:		
Non-deductible crown charges (net of ARTC)	275,900	268,109
Resource allowance	(302,000)	(219,606)
Effect of reduction in tax rates	(42,000)	–
Other	(63,903)	2,684
Future income taxes	504,626	708,000
Capital and other taxes	57,772	13,000
	$ 562,398	$ 721,000

The components of the net future income tax liability is as follows:

	2001	2000
Future income tax liability:		
Property, plant and equipment	$2,971,930	$ 1,219,850
Less future income tax assets:		
Share issue costs	147,330	238,106
Non-capital loss	53,500	–
Future site restoration	52,700	45,970
	253,530	284,076
Net future income tax liability	$2,718,400	$ 935,774

Subject to confirmation by income tax authorities, the Company has the following estimated tax pools as at December 31, 2001:

Cumulative Canadian Oil and Gas Property Expense	$ 3,797,000
Cumulative Canadian Development Expense	2,411,000
Cumulative Canadian Exploration Expense	4,862,000
Undepreciated Capital Cost	2,325,000
Undeducted share issue costs	346,000
Non-capital loss	126,000
	$13,867,000

TRI 5. Per share amounts:

In computing diluted per share amounts, 587,727 (2000 - 284,894) shares were added to the 35,181,986 (2000 - 35,037,022) weighted average number of common shares outstanding during the year for the dilutive effect of stock options.

TRI 6. Credit facility:

The Company has available a $3.5 million revolving credit facility from a Canadian chartered bank with an extendible 364 day revolving period and a two year amortization term period.

The facility is secured by a $10 million first floating charge debenture on all of the Company's assets. The facility bears interest at the bank's prime rate plus 0.5%. At December 31, 2001 no amounts were drawn under the facility.

TRI 7. Financial instruments:

(a) Credit risk:

A significant portion of the Company's accounts receivable are from joint venture partners in the oil and gas industry and are subject to normal industry credit risks.

(b) Fair value of financial instruments:

The carrying value of the Company's financial instruments, being cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short maturity.

TRI 8. Related party transactions:

The Company paid $90,000 (2000 - $58,500) for management and administrative services to a company with common directors. All transactions were in the normal course of operations and have been recorded at their exchange amount.

TRI 9. Subsequent event:

On January 30, 2002, the Company acquired all of the issued and outstanding shares of Sommer Energy Ltd. ("Sommer"). Sommer is engaged in the exploration for, and development and production of natural gas and natural gas liquids in Alberta. The acquisition has been accounted for by the purchase method. Details of the acquisition are estimated as follows:

Net assets acquired at assigned values:	
Working capital (including cash of $4,496,543)	$ 6,402,073
Property, plant and equipment	8,873,927
Future income tax liability	(2,861,000)
	$ 12,415,000
Consideration:	
27.6 million common shares at an ascribed value of $0.45 per share	$ 12,415,000

Corporate Governance

The Toronto Stock Exchange requires each listed company to disclose its corporate governance practices with reference to guidelines set out in the "Report of The Toronto Stock Exchange Committee on Corporate Governance in Canada". These guidelines, which are not mandatory, deal with the constitution of boards of directors and board committees, their functions, their independence from management and other means of addressing corporate governance practices. Although TriQuest is not a TSE listed company, the Board and Management consider good corporate governance to be central to maintaining effective and efficient corporate operations. However, given the history and nature of the Corporation's development, not all of the recommendations contained in the TSE Report have been followed. Listed below are the 14 guidelines proposed by the TSE Report and a brief discussion of the Corporation's compliance with the guidelines.

1. *The Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for adoption of a strategic planning process, identification of principal risks, succession planning and monitoring, communications policy and integrity of internal control and management information systems.*

   The Board is responsible for the overall stewardship of the Company, planning, directing, and dealing with issues which are pivotal to determining corporate strategy and direction. The Board considers management development and succession programs, strategic business developments such as significant acquisitions, and financing proposals including the issuance of shares and other securities, as well as those matters requiring Board approval by law.

2. *A Majority of directors should be "unrelated" (free from conflicting interest).*

   The Board is comprised of six members, five of whom are independent and unrelated, and one is senior management of the Company. As a result, a majority of the members of the Board are unrelated members.

3. *Disclose for each director whether he or she is related, and how that conclusion was reached.*

   Mr. Hoy (President, Chief Executive Officer and Chief Financial Officer) is the only related director and who would also be considered an inside director.

4. *Appointment of a Committee responsible for appointment/assessment of directors.*

   The Board has no formal recruitment process with respect to nominees to the Board, and, given the size of the Board, it has not yet formed a Corporate Governance Committee. The responsibility for recruitment has been undertaken by management and is discussed informally with other Board members prior to being brought forward.

5. *Implement a process for assessing the effectiveness of the Board, its Committees and individual directors.*

   The Board continually evaluates the effectiveness of itself. Due to the size of the Board, a separate committee has not been organized to fulfill this function.

6. *Provide orientation and education programs for new directors.*

   TriQuest does not currently have any formal orientation and education programs for new directors, as the Company's activities are not sufficiently complex to require such programs.

7. *Consider reducing size of Board, with a view to improving effectiveness.*

A board of directors must have enough directors to carry out its duties efficiently while presenting a diversity of views and experiences. The Board believes that its current size and composition of six members reflects diversity and promotes effectiveness and efficiency.

8. *Review the compensation of directors in light of risks and responsibilities.*

The Board, through its Compensation Committee, will periodically review the adequacy and form of the compensation of directors.

9. *Committees should generally be composed of outside directors, a majority of whom are unrelated.*

The TriQuest Board currently has an Audit Committee, Compensation Committee and a Reserves Committee, each of which is made up of three of the directors, all of whom are independent directors.

10. *Appoint a Committee responsible for approach to corporate governance issues.*

A separate Governance Committee has not been established. The Board as a whole is responsible for continued development of the Company's approach to the Governance Guidelines.

11. *The Board should develop position descriptions for the Board and for the chief executive officer, and the Board should approve or develop corporate objectives which the chief executive officer is responsible for meeting.*

To date, the Corporation has not developed position descriptions for the Board or the Chief Executive Officer. The Board currently sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured.

12. *Establish procedures to enable the Board to function independently of management.*

With the Board consisting of both a related director and unrelated directors, the Board has not been able to function totally independently of executive management. However, in matters that require independence of the Board from management, only the unrelated Board members take part in the decision making and evaluation.

13. *Establish an Audit Committee with a specifically defined mandate (all members should be non-management directors).*

The Audit Committee is composed of three directors (Messrs. Hotchkiss, Neugebauer and Wettstein), all of whom are independent directors. The Audit Committee has direct communication channels with the external auditors.

14. *Implement a system to enable individual directors to engage outside advisors, at Corporation's expense.*

TriQuest has no formal policy which allows outside directors to engage outside advisors at the Company's expense.

Board of Directors

Thomas N. Cotter, *Corporate Secretary*
Barrister and Solicitor, Heenan Blaikie LLP

Mr. Cotter was called to the Alberta Bar in 1992 after obtaining his law degree from the University of Calgary in 1990. He served articles of clerkship with The Honourable Mr. Justice G.V. La Forest of the Supreme Court of Canada in 1991. Mr. Cotter practiced with Code Hunter (now Gowling Lafleur Henderson LLP) until joining Heenan Blaikie LLP in 2000. His initial area of practice was litigation, where he focussed on professional liability and securities litigation. Mr. Cotter has since practiced securities and corporate law for several years. He has taught as a sessional instructor and guest lecturer at the University of Calgary. Mr. Cotter serves as the Secretary of Lexxor Energy Inc. and Bulldog Energy Inc., both of which are listed on the CDNX.

Lauchlan J. Currie, *Director*
Managing Director, ARC Financial Corporation

Mr. Currie is Managing Director of ARC Financial Corporation, where he is responsible for sourcing, evaluating and negotiating equity investment opportunities in the exploration and production sector. He serves on the Board of Directors of various ARC Canadian Energy Venture Fund and ARC Canadian Energy Venture Fund 2 investee companies. Prior to joining ARC in 1995, Mr. Currie worked for six years with an independent investment dealer, providing corporate finance advisory services to small and medium sized oil companies, and prior to that he worked for three years in the upstream oil and gas industry. Mr. Currie graduated from the University of Calgary in 1983 with a Bachelor of Science (Geology) degree and is a Professional Geologist. In 1985, he graduated from Queens University with a Master of Business Administration degree.

Harley N. Hotchkiss, O.C., *Director*
President, Spartan Holdings Ltd.

Mr. Hotchkiss is President of Spartan Holdings Ltd., a private company managing investments in oil and gas, real estate, agriculture and professional sports. He is a Director of The Hockey Hall of Fame, Governor of the Calgary Flames Hockey Club, and Chairman of the Board of Governors of the National Hockey League. Past Chairman of the Foothills Hospital, he now serves as Chairman of the Board of Trustees of the Alberta Heritage Foundation for Medical Research. A geology graduate from Michigan State University, Mr. Hotchkiss is an Officer of the Order of Canada, a Member of the Alberta Order of Excellence and holds an Honorary Doctor of Laws degree from the University of Calgary and an Honorary Doctor of Science Degree from Michigan State University.

Gordon J. Hoy, *Director*

A description of Mr. Hoy is detailed in the Management Team section.

Toby R. Neugebauer, *Director*
Principal, Quantum Energy Partners LP

Mr. Neugebauer is a co-founder and principal of Quantum Energy Partners, a Houston-based private equity fund that participates in equity investments in companies that are engaged in building oil and gas reserves and assets. Mr. Neugebauer is responsible for co-managing the daily activities of Quantum, including sourcing, transaction execution, and the monitoring of portfolio company performance. Mr. Neugebauer graduated from New York University with a Bachelor of Science degree in Finance.

James M. Pasieka, *Director and Chairman of the Board*
Barrister and Solicitor, Heenan Blaikie LLP

Mr. Pasieka is a lawyer in Calgary with Heenan Blaikie, a national law firm. He is an officer or director of five other oil and gas companies in addition to being a director and chairman of TriQuest. Mr. Pasieka has over twenty-one years experience in structuring and negotiating transactions in respect of capital projects, joint ventures, corporate financings, mergers, acquisitions and divestitures of all kinds. He graduated in 1976 from the University of Manitoba with a Bachelor of Arts (Distinction), and in 1979 from the University of Manitoba with a Bachelor of Laws.

Wieland F. Wettstein, *Director*
Executive Vice-President, Finex Financial Corporation

Mr. Wettstein is Executive Vice-President of Finex Financial Corporation Ltd., a private company which has been active in both the energy and real estate industries. He has served on the Board of Directors of a number of public companies, including several junior oil and gas producers. Mr. Wettstein was a founder and Director of Sommer Energy Ltd., and was a founder and Chairman of the Board of BXL Energy Ltd., a TSE listed company that was sold in 2001. He was a founder and Chairman of the Board of Denbury Resources Ltd., a NYSE listed energy company active in the onshore and offshore Gulf Coast area of the United States, and continues to serve on Denbury's Board of Directors. Mr. Wettstein is a Chartered Accountant.

Left to Right: Thomas Cotter, Gordon Hoy, Wieland Wettstein, Lauchlan Currie, Harley Hotchkiss, James Pasieka, Toby Neugebauer

Management Team

Bruce D. Gigg, Vice-President, *Engineering & Development*

Mr. Gigg brings 26 years of experience in the oil and gas industry in the areas of reservoir engineering and well test analysis, production engineering, acquisitions and divestitures, economic evaluations, capital budgeting, and strategic planning. Prior to joining TriQuest he was part of the management team that successfully grew and sold Landin Resources Ltd. (1998) and Inland Gas & Oil Ltd. (1996). Mr. Gigg graduated from Queens University in 1976 with a Bachelor of Science (Honours) degree in Engineering and Mathematics, and in 1991 completed the Executive Development Program at Cornell University.

Gordon J. Hoy, President, *C.E.O. & C.F.O.*

Mr. Hoy brings 24 years of experience in the oil and gas industry in the areas of finance and corporate planning, marketing, economic evaluations, and reservoir engineering. Prior to joining TriQuest he was part of the management team that successfully grew and sold Landin Resources Ltd. (1998) and Inland Gas & Oil Ltd. (1996). Mr. Hoy graduated from the University of Toronto in 1978 with a Bachelor of Applied Science (Honours) degree in Chemical Engineering, and in 1985 from the University of Calgary with a Masters in Business Administration in Finance. He earned the Chartered Financial Analyst designation in 2001.

Bill Marshall, *Senior Exploration Geologist*

Mr. Marshall brings 17 years of experience in the oil and gas industry in the areas of geologic prospecting and evaluation, log analysis, petrophysics and exploration planning. Prior to joining TriQuest he was Exploration Manager at Triumph Energy Corp. Mr. Marshall obtained a Bachelor of Science degree in Geology from the University of Calgary in 1984.

Bruce G. McIntyre, *Vice-President*

Mr. McIntyre brings 23 years of oil and gas experience in the areas of prospect generation, development optimization, well logging, petrophysics, petrography, and strategic planning. Prior to joining TriQuest he was President, C.E.O and a founder of Sommer Energy Ltd. Prior to Sommer, Mr. McIntyre was President, C.E.O. and founder of BXL Energy Ltd., a TSE listed company that was successfully grown and sold in 2001. He holds a Bachelor of Science (Honours) degree in Geology from Carleton University in 1979, and is current President of the Canadian Society of Petroleum Geologists.

James R. Morrice, *Vice-President, Land*

Mr. Morrice brings 23 years of experience in the oil and gas industry in the areas of contract negotiations, joint ventures and land and contract administration. Prior to joining TriQuest he was part of the management team that successfully grew and sold Landin Resources Ltd. (1998) and Inland Gas & Oil Ltd. (1996). Prior to joining the oil and gas industry, Mr. Morrice spent seven years in commercial banking. He obtained a Bachelor of Commerce degree from the St. Mary's University in 1970.

Richard K. Rathier, *Vice-President, Exploration*

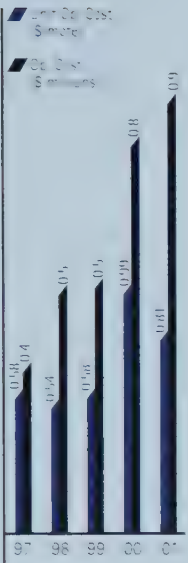
Mr. Rathier brings 25 years of oil and gas experience in the areas of prospect generation, development optimization, well logging, petrophysics, petrography, and strategic planning. Prior to joining TriQuest he was part of the management team that successfully grew and sold Landin Resources Ltd. (1998) and Inland Gas & Oil Ltd. (1996). He holds a Bachelor of Science (Honours) degree in Geology from Carleton University in 1978. and completed the Western Executive Program of the University of Western Ontario in 1989.

David B. Savage, *Vice-President, Business Development*

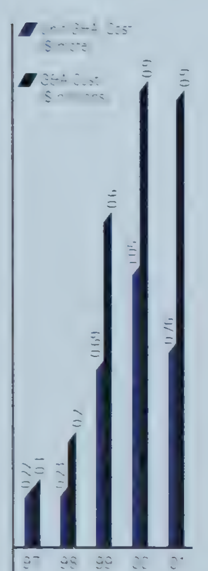
Mr. Savage brings 26 years of oil and gas experience in the areas of contract negotiations, acquisitions, joint ventures, operations and marketing. Prior to joining TriQuest he was Senior Vice-President and a founder of Sommer Energy Ltd. Prior to Sommer, Mr. Savage was Vice-President, Joint Ventures & Land of BXL Energy Ltd., a TSE listed company that was successfully grown and sold in 2001. He holds a Bachelor of Arts degree in Economics (Natural Resources).

Left to Right: Bill Marshall, Gordon Hoy, Bruce McIntyre, David Savage, Richard Rathier, Bruce Gigg, (missing, James Morrice)

Five Year Highlights



Operating Costs

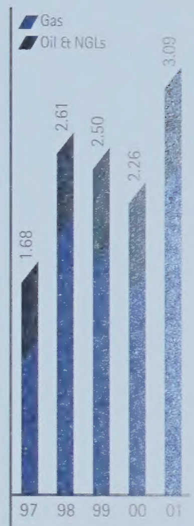


G&A Costs

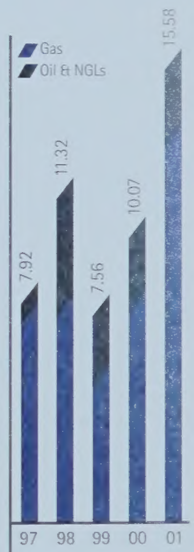
Capital Expenditures
($ millions)

	2001	2000	1999	1998	1997
Financial ($, except for per share information)					
Gross Oil & Gas Sales	4,826,275	3,687,745	2,166,295	1,741,132	1,270,899
Royalties, Net of ARTC	(734,464)	(576,310)	(368,735)	(121,667)	(167,980)
Operating Costs	(909,160)	(818,388)	(526,977)	(518,594)	(353,283)
Net Operating Income	3,182,651	2,293,047	1,270,583	1,100,871	749,636
Other Income	261,023	546,457	151,935	0	1,924
Interest Expense	0	0	(32,615)	(56,545)	(17,955)
Capital and Other Taxes	(57,772)	(13,000)	(13,000)	0	0
General & Administrative	(853,240)	(867,700)	(626,715)	(218,222)	(132,087)
Cash Flow From Operations	2,532,662	1,958,804	750,188	826,104	601,518
Depletion & Depreciation	(1,026,000)	(433,630)	(510,002)	(486,000)	(347,000)
Site Restoration	(70,000)	(65,500)	(87,449)	(7,000)	(35,000)
Extraordinary Income	0	0	0	0	698,727
Future/Deferred Income Taxes	(504,626)	(708,000)	(52,233)	(102,100)	(399,242)
Net Income:	$ 932,036	751,674	100,504	231,004	519,003
$/basic share	0.03	0.02	0.01	0.03	0.10
$/diluted share	0.03	0.02	0.01	0.03	0.09
Net Capital Expenditures	11,089,146	3,606,256	728,121	1,536,274	3,512,515
Long-Term-Debt @ Year-End	0	0	0	850,701	1,108,695
Shareholders' Equity	18,852,423	16,198,387	15,532,113	3,119,702	1,392,460
Working Capital/(Deficiency) @ Year-End	3,888,687	9,492,153	11,251,143	247,715	(252,111)
Share Price: High	$0.85	$0.63	$1.00	$0.75	$1.50
Low	$0.38	$0.36	$0.23	$0.31	$0.80
Close	$0.45	$0.50	$0.60	$0.34	$0.80
Trading Volume	3,674,240	4,708,250	809,080	516,200	636,700
Weighted Average Shares	35,181,986	35,037,022	16,939,219	7,836,534	5,211,288
Basic Shares @ Year-End	40,045,000	35,045,000	35,005,000	9,115,000	6,010,000
Outstanding Options @ Year-End	3,255,000	3,180,000	2,970,000	590,000	590,000
Fully Diluted Shares @ Year-End	43,300,000	38,225,000	37,975,000	9,705,000	6,600,000
Average Daily Production					
Natural Gas (mmcf/d)	2.38	1.61	1.79	2.00	1.11
Natural Gas Liquids (bbl/d)	8	1	2	3	2
Oil (bbl/d)	63	63	69	58	55
Gas Equivalents (mmcfe/d @ 10:1)	3.09	2.26	2.50	2.61	1.68
Oil Equivalents (boe/d @ 6:1)	467	333	369	394	242
Per Unit Statistics ($/mcfe @ 10:1)					
Average Price	4.28	4.46	2.37	1.83	2.08
Royalty Costs, net of ARTC	(0.65)	(0.70)	(0.40)	(0.13)	(0.27)
Operating Costs	(0.81)	(0.99)	(0.58)	(0.54)	(0.58)
Operating Netback	2.82	2.77	1.39	1.16	1.23
General & Administrative	(0.76)	(1.05)	(0.69)	(0.23)	(0.22)
Capital and Other Taxes	(0.05)	(0.02)	(0.01)	0	0
Other Income / (Loss)	0.24	0.67	0.13	(0.06)	(0.03)
Cash Flow From Operations	2.25	2.37	0.82	0.87	0.98

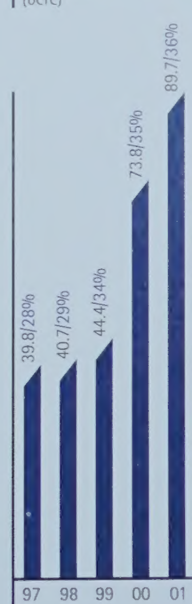
	2001	2000	1999	1998	1997
Proven Producing Reserves @ Year-End (Gross Company)					
Natural Gas (bcf)	7.06	5.08	4.70	5.14	2.29
Natural Gas Liquids (mstb)	34	17	0	5	0
Oil (mstb)	119	142	171	215	62
Gas Equivalents (bcfe @ 10:1)	8.59	6.67	6.41	7.33	2.91
Oil Equivalents (mboe @ 6:1)	1,330	1,005	955	1,076	443
Total Proven Reserves @ Year-End (Gross Company)					
Natural Gas (bcf)	11.17	6.36	4.70	6.34	6.22
Natural Gas Liquids (mstb)	49	24	0	5	0
Oil (mstb)	152	175	203	368	62
Gas Equivalents (bcfe @ 10:1)	13.18	8.35	6.74	10.07	6.84
Oil Equivalents (mboe @ 6:1)	2,063	1,259	987	1,430	1,098
Probable Reserves @ Year-End (Gross Company)					
Natural Gas (bcf)	3.84	2.49	0.89	2.12	2.00
Natural Gas Liquids (mstb)	24	11	0	9	2
Oil (mstb)	71	84	76	28	14
Gas Equivalents (bcfe @ 10:1)	4.79	3.44	1.65	2.49	2.16
Oil Equivalents (mboe @ 6:1)	735	511	224	391	349
Established Reserves @ Year-End (Gross Company)					
Natural Gas (bcf)	13.09	7.61	5.15	7.40	7.22
Natural Gas Liquids (mstb)	61	30	0	9	1
Oil (mstb)	188	216	241	383	69
Gas Equivalents (bcfe @ 10:1)	15.58	10.07	7.56	11.32	7.92
Oil Equivalents (mboe @ 6:1)	2,431	1,513	1,099	1,625	1,273
Established Reserves Life Index (@ Year-End)					
@ 10:1	10.9	10.9	8.3	11.9	12.9
Land Position @ Year-End					
Gross/Net Acres (000's)	250.1/89.7	211.1/73.8	129.8/44.4	142.0/40.7	103.8/39.8
Average Working Interest	36%	35%	34%	29%	28%
Undeveloped Gross/Net Acreage	166.4/62.2	133.3/51.2	108.7/34.8	NA	NA
Gross Option Acreage (000's)	19.2	21.7	20.2	0.0	0.0
Wells Drilled					
Gross	65	6	17	2	41
Net	19.7	2.8	3.1	0.2	9.2
Average Working Interest	30%	46%	18%	10%	22%
Full Time Employees @ Year-End	5	5	4	0	0



Production
(mmcfe/d)



Established Reserves
(bcfe)



Net Acres
(000s/Working Interest)

Abbreviations and Terms

Abbreviations

ARTC	Alberta Royalty Tax Credit
bbl	barrels (of oil or natural gas liquids)
bcf	billions of cubic feet (of natural gas)
bcfe	bcf equivalent
boe	barrel of oil equivalent
D&A	dry and abandoned
D&C	drill and complete
GJ	gigajoule
mcf	thousands of cubic feet (of natural gas)
mcfe	mcf equivalent (1 barrel of oil/natural gas liquids = 10 mcfe)
mmcf	millions of cubic feet (of natural gas)
mmcfe	mmcf equivalent
mstb	thousands of barrels (of oil or natural gas liquids)
NGL's	natural gas liquids (propane, butanes and condensate)
/d	per day

Glossary of Terms

Established Reserves	Proved reserves plus 50% of probable reserves.
Recycle Ratio	Operating netback divided by reserve replacement costs. This is a measure of a Corporation's ability to create value through reserve additions.
Reserve Replacement Cost	Capital expenditures including acquisitions, divided by established reserve additions. This is a measure of how efficiently a Corporation has employed capital to add reserves.
Reserve Replacement Ratio	Established reserve additions divided by annual production volumes. This is a measure of how effective a Corporation was in replacing annual production volumes.
Reserve Life Index	Year-end established reserves divided by annual production volumes. This is a measure of the life span of a Corporation's reserve base if current production levels were held constant.

Metric Conversion Factors

IMPERIAL	METRIC
1 acre	0.405 hectares (ha)
1 bbl	0.159 cubic metres (m^3)
1 foot	0.3048 metres
1 mcf	0.02817 thousand cubic metres (10^3m^3)
1 mmbtu	1.0549 gigajoules (GJ)
1 mile	1.609 kilometres (km)

Corporate Information

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Banker

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Oil & Gas Group
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Canadian Venture Exchange
Trading Symbol: TRI

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Board of Directors

Lauchlan J. Currie
Harley N. Hotchkiss
Gordon J. Hoy
Toby R. Neugebauer
James M. Pasieka (Chairman)
Wieland F. Wettstein

Officers

Thomas N. Cotter
Bruce D. Gigg
Gordon J. Hoy
Bruce G. McIntyre
James R. Morrice
Richard K. Rathier
David B. Savage

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